PREFACE

The 1988 version of *Financial Statements and Operating Ratios* is the twenty-fifth report in a series published annually by the Mortgage Bankers Association of America. The current report is based on data supplied by 126 firms. In this report, income statement and balance sheet data are shown for the average firm in the survey and for firms stratified by selected origination, servicing, and ownership categories.

The mortgage banking industry experienced another difficult year in 1988. For the average firm in the survey, the principal cause of this poor performance was a fall off in total revenue, rather than an increase in operating costs. Total expenses were nearly unchanged, but total income declined by 5 percent.

On the revenue side, a drop in refinancing activity significantly reduced origination volume for all lenders. Further, the shift in borrower preferences toward adjustable rate mortgages (ARMs) resulted in an even greater decline in origination volume for mortgage bankers. These developments led to a fall in both origination and interest income. Moreover, the intense competition in the mortgage finance industry, in conjunction with rising interest rates and declining origination volume, resulted in a sharp drop in marketing income at most firms. These declines were only partially offset by a sizeable increase in servicing revenue.

Total expenses increased only 1 percent in 1988. Firms successfully contained the rise in both personnel and nonpersonnel expenses, with each increasing about 1 percent.

The decline in total income coupled with the modest rise in expenses resulted in significant net operating losses. While firms offset part of these losses through sales of servicing rights, net operating income fell still further in 1988, and profitability dropped to the lowest level of the decade.

However, it is encouraging to note that several negative trends apparent in 1988 seemed to have abated in 1989. After a very weak year, mortgage banker origination volume improved in 1989. Consistent with this increase, both origination income and interest income were likely higher in 1989. Moreover, given the rise in origination volume and the curtailment of suicide pricing of ARMs by thrifts, marketing income may have recovered. Also, both servicing volume and income probably continued their steady upward climb. On the expense side, the cost containment measures that have been implemented likely helped keep cost increases under control again in 1989.

This report was prepared by the Economics Department under the supervision of Lyle E. Gramley, Senior Staff Vice President and Chief Economist and Richard W. Peach, Staff Vice President and Deputy Chief Economist. The analysis was developed and written by Robert M. Rosenblatt, Economist. The data underlying this report were collected by the Surveys Section of the Economics Department under the general direction of Ronny Schaul, Associate Director of Surveys, with the assistance of Laura Gorman, Surveys Supervisor, Shirley Davis, Senior Survey Analyst, and Carlos Dávila, Survey Analyst. Systems and computer program support were provided by Richard F. Murray, Programmer/Analyst. Robert M. Rosenblatt and Michelle Campbell, Economist, were responsible for screening the individual reports and organizing the tabular material. Special thanks goes to Dianne Sh[illegible] who produced numerous drafts of the manuscript.

Major credit also goes to the firms that participated in the survey. Without their cooperation, this report would not have been possible.

Warren Lasko
Executive Vice President
Mortgage Bankers Association of America

CONTENTS

Page

Preface 1
Mortgage Banking In 1988 5–15
I. Introduction 5
II. The Business Environment 6
III. The Average Firm in the Industry 7
IV. Ten "High Profit" Firms 14
V. Developments in 1989 15

1988 Financial Statements and Operating Ratios

Income Statement 1988 — Average Firm

Table
1.01 By Millions of Dollars of Total Mortgage Loans Closed (In-House and Purchased) 18
1.02 By Millions of Dollars of Mortgage Loans Serviced 19
1.03 By Percent of Income Property Loans Closed to Total Loans Closed 20
1.04 By Percent of Income Property Loans Serviced to Total Loans Serviced 21
1.05 By Type of Ownership 22
1.06 By Percent of Purchased Production to Total Production 23

Balance Sheet 1988 — Average Firm

Table
2.01 By Millions of Dollars of Total Mortgage Loans Closed (In-House and Purchased) 26
2.02 By Millions of Dollars of Mortgage Loans Serviced 27
2.03 By Percent of Income Property Loans Closed to Total Loans Closed 28
2.04 By Percent of Income Property Loans Serviced to Total Loans Serviced 29
2.05 By Type of Ownership 30
2.06 By Percent of Purchased Production to Total Production 31

Selected Ratios — 1988

Table
3.01 By Millions of Dollars of Total Mortgage Loans Closed (In-House and Purchased) 34
3.02 By Millions of Dollars of Mortgage Loans Serviced 35
3.03 By Percent of Income Property Loans Closed to Total Loans Closed 36
3.04 By Percent of Income Property Loans Serviced to Total Loans Serviced 37
3.05 By Type of Ownership 38
3.06 By Percent of Purchased Production to Total Production 39

Selected Characteristics — 1988

Table
4.01 By Millions of Dollars of Total Mortgage Loans Closed (In-House and Purchased) 42
4.02 By Millions of Dollars of Mortgage Loans Serviced 43
4.03 By Percent of Income Property Loans Closed to Total Loans Closed 44
4.04 By Percent of Income Property Loans Serviced to Total Loans Serviced 45
4.05 By Type of Ownership 46
4.06 By Percent of Purchased Production to Total Production 47

Mortgage Banking Historical Trends, 1982-1988

Table
5.01 Income Statement, Average Firm 50
5.02 Balance Sheet, Average Firm 51
5.03 Selected Ratios, Average Firm 52
5.04 Selected Characteristics, Average Firm 53

Sample Survey Form 55–58

MORTGAGE BANKING IN 1988

I. Introduction

For the second consecutive year, the mortgage banking industry suffered through some very difficult times in 1988. The principal cause of this poor performance was a fall in total revenue rather than a surge in operating costs. For the average firm in the 1988 survey, total expenses were essentially unchanged at about $29 million, but total income fell by nearly $1½ million, or 5 percent, to $26 million. A drop in refinancing activity and the shift in borrower preferences toward adjustable rate mortgages resulted in a significant decline in origination volume for the average firm, which, in turn, led to a fall in both origination income and interest income. Moreover, the intense competition in the mortgage finance industry, in conjunction with rising interest rates and declining origination volume, resulted in a sharp drop in marketing income at most firms. These declines were only partially offset by a sizeable increase in servicing revenue.

Total expenses increased about 1 percent in 1988. Personnel expenses rose by less than 1 percent, due to a drop in direct compensation and the favorable effects of a sizeable jump in servicing productivity. Firms were also successful in containing nonpersonnel expenses, which increased by just 1 percent.

Despite holding the line on expenses, the decline in total income resulted in a significant increase in net operating losses. These losses amounted to $2.3 million for the average firm in 1988, as compared to $680 thousand in 1987. However, an average $3.1 million gain from sales of servicing rights pushed net income up to $120 thousand (Table 1). Still, this figure was 86 percent below 1987's net income of $866 thousand. Consequently, the profit margin plunged to just 0.5 percent in 1988, by far the lowest level of the decade.

At the average firm in the survey, average assets declined about 8 percent in 1988 to $141 million, and average liabilities fell by 9 percent to $124 million. Average equity at the average firm rose 4 percent in 1988 to $17 million. Together, this combination of lower assets and higher equity resulted in a drop in leverage to 8.36 in 1988 from 9.43 in 1987.

Both return on average assets and return on average equity fell for the second consecutive year in 1988. Return on

Table 1
Analysis of Profitability for the Average Firm
(Dollars in Thousands)

	5-Year Average	1988	1987	1986	1985	1984
Net Income (after tax)	$1,136	$ 120	$ 866	$ 2,023	$ 1,350	$ 1,321
Profit Margin (after tax)	5.11%	0.46%	3.12%	7.05%	6.89%	8.03%
Average Assets[1]	N.C.	$141,366	$152,853	$138,667	$92,349	$71,560
Average Equity[1]	N.C.	$ 16,909	$ 16,211	$ 14,571	$11,886	$ 9,284
Asset Turnover[2]	20.34%	18.64%	18.16%	20.69%	21.21%	22.98%
Leverage[3]	8.56	8.36	9.43	9.52	7.77	7.71
Return on Assets (after tax)	1.08%	0.08%	0.57%	1.46%	1.46%	1.85%
Return on Equity (after tax)	9.10%	0.71%	5.34%	13.88%	11.36%	14.23%

[1] Average assets and average equity are calculated by averaging beginning of year and year-end figures.
[2] Total income divided by average assets.
[3] Average assets divided by average equity.
N.C. = Not Calculated

average assets declined to 0.08 percent in 1988 from 0.57 percent in 1987. Return on average equity fell to 0.71 percent in 1988 from 5.34 percent in 1987.

II. The Business Environment

After a slow start, housing market activity improved during the remainder of 1988 due to a combination of relatively low and stable mortgage interest rates and strong employment growth (Table 2). A total of 3.59 million existing homes were sold, roughly the same annual volume as the previous two years. About 1.14 million one-to four-family homes were started, 6 percent below the 1987 level, but still a healthy pace given the age of the economic expansion and the fact that the underlying demand for additions to the housing stock is waning for demographic reasons. The multifamily market remained depressed in 1988, continuing a decline that began in 1986. For the year, multifamily starts fell 15 percent to 348 thousand units. Nonresidential construction activity was also weaker in 1988.

The pace of housing market activity in 1988 was sufficiently strong to generate $384 billion in one- to four-unit originations (Table 3). While this was about 15 percent below the abnormally high levels of 1986 and 1987, it was well above the average annual volume for the period 1980 to 1985. The sharp dropoff in origination volume in 1988 was not due to slower home sales, rather to a marked decline in loan refinancings. After representing an unusually high 30 to 40 percent of total origination volume in 1987, refinancings declined to about 15 to 20 percent of originations in 1988.

During most of 1988, homebuyers demonstrated a strong preference for adjustable rate mortgages (ARMs). For the year, ARMs accounted for 58 percent of all conventional loans closed compared to 43 percent in 1987. This shift was likely due to a rise in average interest rates on fixed-rate mortgages (FRMs) in 1988, as well as widening of the spread between FRMs and ARMs. In 1988, interest rates on FRMs averaged about 10½ percent, compared to 10 percent in 1987, and the spread widened to an average of 183 basis points, from 140 basis points in 1987.

One by-product of this shift away from FRMs was to push the FHA/VA share of one- to four-unit originations down to 12 percent in 1988, from 16 percent in 1987, and to raise the

Table 2
The Real Estate Lending Environment in 1988

	Mortgage Interest Rates[a]	Existing Home Sales (thousands of units)[b]	Housing Starts[c] (thousands of units)		Construction Contracts for Commercial and Industrial Buildings (mil. sq. ft.)[d]	Construction Put-in-Place Nonresidential Buildings (billions of 1987 dollars)[e]
			One- to Four-Family	Multi-family		
1987:Q4*	10.79%	3,390	1,135	389	80.25	$94.3
1988:Q1*	10.22%	3,300	1,147	315	81.42	$92.3
1988:Q2*	10.53%	3,643	1,119	368	72.69	$95.0
1988:Q3*	10.68%	3,663	1,122	350	76.09	$93.8
1988:Q4*	10.48%	3,770	1,191	353	72.83	$92.6
1987	10.00%	3,526	1,212	409	80.65	$91.9
1988	10.48%	3,594	1,140	348	75.76	$93.5
Percent Change:						
1987 to 1988	0.48 Percentage Points	1.9%	(5.9)%	(14.9)%	(6.1)%	1.7%
1987:Q4 to **1988**:Q4	(0.31) Percentage Points	11.2%	4.9%	(9.3)%	(1.8)%	(1.8)%

* Seasonally adjusted annual rates except for interest rates.
[a] Average yield for FHA 203b mortgages for immediate delivery.
Source: U.S. Department of Housing and Urban Development.
[b] Source: National Association of Realtors.
[c] Source: U.S. Department of Commerce, Bureau of the Census.
[d] Source: McGraw-Hill Information System Co., F.W. Dodge Division. Seasonally adjusted using Bureau of the Census seasonal factors.
[e] Source: U.S. Department of Commerce, Bureau of the Census.

Table 3
Total Originations of Long-Term Mortgage Loans

	Billions of Dollars		Percent Change	Percent of Total Originations		Percent of 1- to 4-Unit Originations		Mortgage Bankers' Share	
	1987	1988	1987 to 1988	1987	1988	1987	1988	1987	1988
Total 1- to 4-Unit	$450.3	$383.6	(14.8)%	67.0%	62.8%	100.0%	100.0%	24.5%	22.?%
FHA	$ 52.3	$ 32.6	(37.7)%	N.C.	N.C.	11.6%	8.5%	71.1%	72.0%
VA	$ 21.8	$ 13.2	(39.4)%	N.C.	N.C.	4.8%	3.4%	70.3%	72.3%
Conventional	$376.2	$337.8	(10.2)%	N.C.	N.C.	83.5%	88.1%	15.3%	15.5%
Multifamily	$ 45.1	$ 38.2	(15 3)%	6.7%	6.3%	N.C.	N.C.	5.3%	11.9%
Nonresidential	$168.7	$181.6	7.6%	25 [illegible]	29.7%	N.C.	N.C.	1.7%	0.6%
Farm	$ 8.4	$ 7.6	(9.5)%	1.2%	1.2%	N.C.	N.C.	N.C.	N.C.
Total	$672.4	$610.9	(9.1)%	100.0%	100.0%	N.C.	N.C.	17.2%	14.9%

N.C. = Not Calculated
Source: U.S. Department of Housing and Urban Development.

conventional share by an equivalent amount, or from 84 percent in 1987 to 88 percent in 1988. In dollar volume terms, FHA/VA originations in 1988 were $46 billion, 38 percent less than in 1987. Conventional volume equalled $338 billion, only 10 percent less than the previous year.

Given the mortgage banking industry's extensive involvement in FHA/VA lending—mortgage bankers originated over 70 percent of all FHA/VA loans in 1987 and 1988—and the drop in the FHA/VA share of total market activity, it is not surprising that mortgage bankers' market share suffered in 1988. The share of the market controlled by the mortgage banking industry averaged only 22 percent in 1988, as compared with roughly 30 percent in the second half of 1986 and 24 percent in 1987. This share amounted to $85 billion in originations, 22½ percent lower than in 1987.

While single-family housing performed fairly well in 1988, such was not the case for the multifamily sector of the industry. High vacancy rates, particularly in the South, and the continued impact of reduced tax incentives related to multifamily housing introduced in the Tax Reform Act of 1986 contributed to a further downturn in multifamily starts in 1988. Only 348 thousand new multifamily units were started, 15 percent less than in 1987, and 40 percent below the peak reached in 1985.

Reflecting this slowdown in construction activity, multifamily originations declined by 15 percent in 1988, to $38 billion. However, mortgage bankers' originations of loans on multifamily properties rose by 88 percent to $4½ billion, and their market share increased to nearly 12 percent, from 5 percent in 1987.

Construction of nonresidential structures also declined in 1988. Construction contracts for commercial and industrial buildings, measured in millions of square feet, fell by about 9 percent from the fourth quarter of 1987 to the fourth quarter of 1988. Moreover, another measure, the value of new construction put in place for nonresidential buildings in constant 1987 dollars, declined about 2 percent to $93 billion over the same period.

Despite the weakness in nonresidential construction activity, originations of long-term loans for nonresidential properties rose by nearly 8 percent in 1988, to $182 billion. This rise was attributable to turnover of the existing stock of nonresidential structures, refinancings, and higher prices for new construction. In contrast to the industry as a whole, however, mortgage bankers' nonresidential lending volume declined by 64 percent, and, as a result, their share of the market fell from 2 percent in 1987 to 1 percent in 1988.

It should be noted, however, that the dramatic percent changes in mortgage bankers' nonresidential and multifamily lending volume in 1988 reflect the fact that most mortgage bankers focus their efforts on the single-family market rather than the commercial side of the business. Therefore, relatively small dollar volume changes result in very large percentage changes.

III. The Average Firm in the Industry

A total of 126 mortgage banking firms provided usable responses to the 1988 survey. These firms represent a diverse cross-section of the industry, with significant variations in total origination volume, residential and commercial lending volume, servicing volume, and ownership structure. The detailed tables in the back of this report provide average in-

come statement and average balance sheet data, as well as other data, for firms stratified by the categories noted above. Detailed information on the average firm in the survey is provided in this section of the report.

For purposes of comparison, the tables in this section also include data on repeat reporters, i.e., the 67 firms that responded to both the 1987 survey and the 1988 survey. Data on the repeat reporters is included to ensure that year-to-year changes at the average firm in the survey represent actual changes taking place in the mortgage banking industry, and do not simply reflect shifts in the mix of respondents. While the repeat reporters tended to be larger firms, the changes noted for the average firm were generally confirmed by similar shifts for the repeat reporters. Therefore, the discussion that follows will focus solely on the average firm in the survey. It should be noted that relatively large firms respond to this survey. Thus, the average firm in the survey is considerably larger than the average firm in the industry.

Loan Production and Servicing Volume

As shown in Table 4, total origination volume averaged $514 million in 1988, 16 percent less than the previous year. In-house one- to four-unit origination volume at the average firm was $309 million in 1988, 14 percent less than 1987, when lending volume was boosted by a surge in loan refinancings early in the year. The number of one- to four-unit loans closed declined 18 percent to 3,676, while the average loan size rose 5 percent to $84,000. One- to four-unit purchased production equalled $152 million at the average firm, 17 percent less than the previous year. Taken together, in-house and purchased production averaged $460 million in 1988. As a percent of total one- to four-unit origination volume, purchased production represented 33 percent in 1988, slightly less

Table 4
Characteristics of the Average Firm in the 1988 Survey

	Average Firm in The Survey	Percent Change From 1987	Average Repeat Reporting Firm	Percent Change From 1987
Originations:				
Total ($ millions)	**$ 513.9**	**(15.5)%**	**$ 639.3**	**(19.0)%**
1- to 4-Unit:				
Total ($ millions)	**$ 460.4**	**(15.0)%**	**$ 572.0**	**(19.9)%**
In-House				
Dollar (millions)	$ 308.6	(13.8)%	$ 365.7	(24.5)%
Number	3,676	(17.8)%	4,268	(30.6)%
Percent of 1- to 4-Unit Originations	67.0%	1.4%	63.9%	(5.9)%
Average loan size (thousands)	$ 84.0	4.9%	$ 85.7	8.8%
Purchased Production				
Dollar (millions)	$ 151.8	(17.4)%	$ 206.3	(10.0)%
Number	1,777	(31.5)%	2,478	(23.4)%
Percent of 1- to 4-Unit Originations	33.0%	(2.7)%	36.1%	12.5%
Average loan size (thousands)	$ 85.4	20.6%	$ 83.2	17.5%
Commercial Property:				
Total ($ millions)	**$ 53.5**	**(19.5)%**	**$ 67.3**	**(11.3)%**
In-House				
Dollar (millions)	$ 52.7	(4.2)%	$ 65.9	(8.9)%
Number	11	(26.7)%	14	(12.5)%
Percent of Commercial Originations	98.5%	19.0%	97.9%	2.7%
Average loan size (millions)	$ 4.8	29.7%	$ 4.9	6.5%
Purchased Production				
Dollar (millions)	$ 0.8	(93.0)%	1.4	(61.1)%
Number	1	(91.7)%	1	(94.7)%
Percent of Commercial Originations	1.5%	(91.3)%	2.0%	(57.4)%
Average loan size (millions)	$ 0.8	(20.0)%	$ 1.4	600.0%
Loans Serviced:				
Dollar (millions)	$ 2,784	16.4%	$ 3,672	11.4%
Number 1- to 4-Unit	48,184	13.7%	63,238	4.5%
Number Commercial Property	286	0.4%	413	(2.6)%

Table 5
Approximate Gross Increase in Servicing Portfolio[1]

	Average Firm		Repeat Reporters	
	$ Millions	Percent of Gross Increase	$ Millions	Percent of Gross Increase
Total In-House Originations	$361.3	57.0%	$431.7	51.0%
Total Purchased Production	$152.6	24.1%	$207.7	24.5%
Bulk Servicing Purchases	$120.3	19.0%	$206.8	24.4%
= Gross Increase in Servicing Portfolio	$634.2	100.0%	$846.2	100.0%

[1]The gross increase in the servicing portfolio is calculated as the sum of total (one- to four-unit plus commercial property) in-house originations plus total purchased production plus bulk purchases of servicing rights. The latter is equal to the value of unamortized purchased servicing at the end of 1988, less that approximate value of servicing rights obtained through purchased production during 1988, less the value of unamortized purchased servicing at the end of 1987 net of amortization expense during 1988. An average price for servicing of two percent of the amount of the portfolio is assumed.

than in 1987, but still a very significant portion of the total. Thus, it is clear that wholesale lending has become an integral part of the single-family loan production operation.

Commercial property origination volume averaged $54 million per firm in 1988, a 20 percent decline from 1987. However, commercial property originations still represented about 10 percent of total production, almost the same as 1987. For the survey respondents, nearly all of their commercial property originations were in-house. In 1988, the dollar volume of in-house commercial property originations declined 4 percent to $53 million. The number of loans closed decreased, but the average loan size rose significantly.

The average firm in the survey had a servicing portfolio of about $2.8 billion in 1988, an increase of over 16 percent from the 1987 level. This portfolio contained 48,134 one- to four-unit loans and 286 commercial property loans. Thus, while origination volume declined at the average firm in the survey in 1988, servicing volume continued to rise. There appears to be two reasons for this growth. First, even with the decline in lending volume, originations still exceeded prepayments and repayments. Second, it appears that the survey respondents were net purchasers of servicing rights in 1988. Estimates show that bulk purchases of servicing rights represented about 19 percent of the gross increase in the servicing portfolio at the average firm (Table 5).

Balance Sheet

The average assets of the average firm in the survey declined about 8 percent during 1988 to $141 million from $153 million in 1987 (Table 6). All of the decline was in current assets. Over the year, average current assets fell 15 percent to $93 million. The largest component of those assets, the inventory of loans in warehouse, declined 16 percent to $76 million.[1] This decline reflected the drop in originations, both in-house and purchased production.

Average noncurrent assets rose 10 percent in 1988 to $48 million. Much of this growth was due to an 8 percent increase in other noncurrent assets to $41 million. In turn, most of this

[1] The average number of days in inventory for one- to four-unit loans, which constitute the bulk of the portfolio, rose to 80 days in 1988 from 53 days in 1987. However, this change is somewhat overstated because the figure for 1987 was held down due to the quarterly pattern of origination volume during that year. In 1987, fourth quarter origination volume, expressed at an annual rate, was well below the annual total because the refinancing boom occurred early in the year. When this type of pattern occurs, the average number of days in inventory can become distorted. A review of the steps taken to calculate the average number of days in inventory illustrates this point. The calculation involves two steps. In the first step, the inventory turnover rate is calculated by dividing the number of loan sales in a year by the number of loans in inventory at the end of the year. This shows how many times a firm turns its inventory over in a year. In step two, the number of days in a year (365) is divided by the inventory turnover rate to get the average length of time loans stay in the firm's warehouse. Because the value of the inventory at the end of 1987 was very low relative to total origination volume, it is likely that the average number of days in inventory in 1987 was also artificially low. The 1988 number more accurately represents average inventory periods maintained in recent years. For commercial property loans, the average number of days in inventory declined from 9 days in 1987 to 5 days in 1988.

Table 6
Balance Sheet of the Average Mortgage Banking Firm: 1988
(Dollars in Thousands)

Assets	Dollars	Percent of Total	Percent Change from 1987	Liabilities and Net Worth	Dollars	Percent of Total	Percent Change from 1987
Average Assets	$141,366	100.0%	(7.5)%	**Average Liabilities**	$124,457	100.0%	(8.9)%
Current Assets	$ 92,970	65.8%	(14.6)%				
Total Inventory	$ 76,254	53.9%	(16.4)%	Current Liabilities	$107,596	86.5%	(8.6)%
Noncurrent Assets	$ 48,396	34.2%	10.1%	Lines of Credit	$ 91,855	85.4%	(11.6)%
Other Noncurrent Assets	$ 40,546	28.7%	8.0%	Noncurrent Liabilities	$ 16,862	13.6%	(11.1)%
Purchased Servicing (Net of amortization)	$ 17,284	12.2%	36.2%	**Average Equity**	$ 16,909	100.0%	4.3%
Excess Servicing (Net of amortization)[1]	$ 3,092	2.2%	(4.2)%	Retained Earnings	$ 4,336	25.6%	(12.9)%
Goodwill (Net of amortization)[1]	$ 1,862	1.3%	16.1%	Paid-In Capital	$ 11,843	70.0%	13.6%
Noninterest Earning Loans	$ 2,463	1.7%	92.6%	Common and Preferred Stock	$ 802	4.7%	(0.7)%
Real Estate Owned	$ 2,636	1.9%	6.5%	Treasury Stock[1]	$ (144)	N.C.	N.C.
All Other Assets	$ 19,467	13.8%	(4.5)%				

[1] End of year figure only.
N.C. = Not Calculated

rise was the result of continued growth in purchased servicing rights. At the average firm, the value of purchased servicing rose 36 percent to $17 million in 1988 from $13 million in 1987. Assuming an average price for purchased servicing of 2 percent of the amount of the portfolio, purchased servicing totaled $864 million or 31 percent of the servicing portfolio at the average firm in the survey, quite similar to values for the average firm in the 1987 survey.

The increase in mergers and/or acquisitions in the industry also contributed to the growth of other noncurrent assets. In an acquisition, the portion of the acquisition price allocated to goodwill is included in other noncurrent assets as is the value of the acquired firm's servicing portfolio. At the end of 1988, the value of goodwill at the average firm in the survey was nearly $2 million, 16 percent higher than in 1987.

Other factors in the growth of noncurrent assets were the increases in both noninterest earning loans and real estate owned through foreclosure, which grew 93 percent and 7 percent, respectively. In 1988, noninterest earning loans were $2 million and real estate owned was $3 million. Unfortunately, growth in these two areas was not a positive development, and tended to reflect the industry's continuing struggle with delinquency and foreclosure problems. All other assets, including cash, marketable securities, receivables, and property, equipment, and leasehold improvements declined 4 percent to $19 million.

The decrease in average assets was accompanied by a 9 percent decline in average liabilities to $124 million. Average current liabilities, defined as having a maturity of less than one year, declined 9 percent to $108 million. The largest component of current liabilities, lines of credit, declined 12 percent to $92 million. Average noncurrent liabilities fell by 11 percent to $17 million. On the other hand, average equity increased 4 percent to $17 million. In 1988, all of the increase in equity was in paid-in capital, which rose 14 percent to $12 million. Together, this combination of lower assets and higher equity resulted in a drop in leverage to 8.36 in 1988 from 9.43 in 1987.

(Comparable balance sheet data for repeat reporters are shown in Table 7.)

Table 7
Balance Sheet of the Average Repeat Reporting Firm: 1988
(Dollars in Thousands)

Assets	Dollars	Percent of Total	Percent Change from 1987	Liabilities and Net Worth	Dollars	Percent of Total	Percent Change from 1987
Average Assets	$207,910	100.0%	(14.9)%	**Average Liabilities**	$184,948	100.0%	(16.5)%
Current Assets	$130,668	62.8%	(22.5)%				
Total Inventory	$106,374	51.2%	(23.5)%	Current Liabilities	$153,759	83.1%	(12.8)%
Noncurrent Assets	$ 77,241	37.2%	1.8%	Lines of Credit	$132,463	71.6%	(16.6)%
Other Noncurrent Assets	$ 66,692	32.1%	(1.6)%	Noncurrent Liabilities	$ 31,190	16.9%	(31.0)%
Purchased Servicing (Net of amortization)	$ 22,030	10.6%	40.2%	**Average Equity**	$ 22,962	100.0%	0.7%
Excess Servicing (Net of amortization)[1]	$ 4,646	2.2%	(5.5)%	Retained Earinings	$ 5,961	26.0%	(22.5)%
Goodwill (Net of amortization)[1]	$ 2,864	1.4%	15.3%	Paid-In Capital	$ 16,535	72.0%	12.7%
Real Estate Owned	$ 3,066	1.5%	19.7%	Common and Preferred Stock	$ 576	2.5%	26.6%
Noninterest Earning Loans	$ 3,931	1.9%	85.2%	Treasury Stock[1]	$ (220)	N.C.	N.C.
All Other Assets	$ 27,847	13.4%	(15.1)%				

[1] End of year figure only.
N.C. = Not Calculated

Income Statement

Total income at the average firm in the survey fell 5 percent in 1988 to $26 million (Table 8). The large increase in loan administration income was more than offset by declines in other sources of income. Both origination and marketing income fell significantly from 1987 to 1988, while interest income recorded a more moderate decline. Other income also fell.

With average assets falling at a slightly faster rate than total income, the gross return from assets held by the average firm increased a bit in 1988. For the year, asset turnover (total income as a percent of average assets), was 18.6 percent. In 1987, asset turnover was 18.2 percent.

Loan administration income at the average firm increased 20 percent to $10 million in 1988. The servicing portfolio at the average firm increased 16 percent, to $2.8 billion, due in part to the substantial increase in purchased servicing. But, this growth also reflects the fact that even with the decline in origination volume, the net change in the servicing portfolio, excluding purchased servicing, was still positive.

As noted earlier, the average dollar volume of loans closed by survey respondents declined 16 percent in 1988. A substantial portion of this decline reflected reduced refinancing activity. In turn, this drop in origination volume resulted in a 15 percent decline in origination income, to $4 million in 1988.

The largest decline was in marketing income, which fell 78 percent to $308 thousand in 1988. This followed a 60 percent drop in 1987, and put marketing income at its lowest level since 1981. The intense competition in the mortgage finance industry is one reason for this very poor performance. But, the increase in interest rates and the drop in origination volume also contributed to the fall in marketing income. Also, ARMs were a larger share of loans closed in 1988. Because ARMs remained more difficult to sell than fixed-rate products, many firms may have offered them on a commitment basis only, which could have eliminated some potential marketing gains.

Table 8
Major Income Categories: 1988
(Dollars in Thousands)

	Survey Average		Repeat Reporters	
	Dollars	Percent Change from 1987	Dollars	Percent Change from 1987
Total Income	$ 26,347	(5.1)%	$ 35,032	(14.3)%
Loan Administration Income	$ 10,275	20.0%	$ 13,795	18.2%
As a Percentage of Average Assets	7.3%	30.4%	6.6%	37.5%
Loan Origination Income Excluding Net Gain or Loss on Mortgages Sold	$ 4,495	(15.3)%	$ 5,308	(24.8)%
As a Percentage of Average Assets	3.2%	(8.6)%	2.6%	(10.3)%
Net Gain or Loss on Mortgages Sold	$ 308	(78.0)%	$ 496	(78.1)%
As a Percentage of Average Assets	0.2%	(77.8)%	0.2%	(77.8)%
Interest Income	$ 10,278	(6.5)%	$ 14,232	(21.1)%
As a Percentage of Average Assets	7.3%	1.4%	6.8%	(8.1)%
Other Income	$ 991	(33.5)%	$ 1,201	(33.3)%
As a Percentage of Average Assets	0.7%	(30.0)%	0.6%	(14.3)%
Average Assets[1]	$141,366	(7.5)%	$207,910	(14.9)%
Asset Turnover (%)	18.6%	2.6%	16.8%	0.6%

[1]Average Assets are calculated by averaging beginning of year and year-end figures.

Interest income at the average firm was $10 million in 1988, 6 percent less than the previous year. This decline was primarily due to the drop in total inventory. In 1988, the average portfolio of loans in inventory was $76 million, 16 percent less than in 1987.

The rise in ARM originations in 1988 also held down interest income, because initially, ARMs tend to have lower interest rates than fixed-rate loans. Consequently, although interest rates rose from 1987 to 1988, the shift to ARMs helped keep the average interest rate on loans in inventory from rising as much. Even so, interest income made the single largest contribution to total income, just edging out servicing income at the average firm in the survey.

While total income fell, total expenses were nearly unchanged in 1988, rising only 1 percent at the average firm to $29 million (Table 9). Personnel expenses, which constitute about one-third of total expenses, rose less than 1 percent to $9 million. With total employment falling only slightly, the key to holding the line on personnel expenses was the 2 percent decline in direct compensation. Declines in compensation were evident in both the origination and servicing functions.

A sizeable increase in servicing productivity also helped hold personnel costs in check. The number of loans serviced per loan administration employee rose to 633 in 1988 from 543 in 1987, or by 90 loans per employee. On the other hand, the sharp decline in origination volume resulted in a drop in origination productivity, with the number of loans closed per origination employee falling to 21 in 1988, from 33 the previous year. The dollar volume of loans closed per origination employee also declined in 1988.

Nonpersonnel expenses rose only 1 percent in 1988 to $19 million. The increase in nonpersonnel expenses was concentrated in just two areas: the amortized cost of purchased servicing—which was to be expected given the rise in bulk purchases of servicing rights—and in the "all other" expense category. For the average firm, the amortized cost of purchased servicing rose 14 percent to $2 million in 1988. All other expenses increased 5 percent in 1988 to $8 million. Interest expenses fell 4 percent to $8 million. Given the drop in origination volume, the decline in interest expenses would have been even larger, except that short-term interest rates were rising during 1988, increasing the cost of funding the warehouse line of credit.

Despite almost holding the line on expenses, the decline in total income at the average firm in the survey resulted in a significant deterioration in net operating income, which fell from a $-680 thousand in 1987 to a $-2.3 million in 1988. In an effort to offset these losses, many firms sold servicing rights. In 1988, the first year these data were collected sepa-

Table 9
Major Expense Categories: 1988
(Dollars in Thousands)

	Average Firm		Repeat Reporters	
	Dollars	Percent Change from 1987	Dollars	Percent Change from 1987
Total Income	$26,347	(5.1)%	$35,032	(14.2)%
Total Expenses	$28,671	0.8%	$36,705	(10.7%)
Personnel Expenses	$ 9,209	0.4%	$10,978	(7.9)%
Number of Employees	273	(0.7)%	335	(7.2)%
# Loans Closed/Orig. Employee	21	(36.4)%	20	(41.2)%
# Loans Serviced/Loan Admin. Employee	633	16.6%	635	10.4%
Nonpersonnel Expenses	$19,462	1.0%	$25,725	(11.9)%
Interest Expenses	$ 7,912	(4.0)%	$10,855	(19.0)%
Amortization of Purchased Servicing	$ 2,302	14.2%	$ 3,265	29.9%
Provision for Loan Losses[1]	$ 879	N.C.	$ 1,222	N.C.
All Other	$ 8,369	5.1%	$10,385	(6.0)%
Net Operating Income	$ (2,324)	N.C.	$ (1,674)	N.C.
Net Gain (Loss) on Sales of Servicing	$ 3,147	N.C.	$ 3,701	N.C.
Taxes on Income	$ 485	(15.9)%	$ 922	35.8%
Net Income (after tax)	$ 120	(86.1)%	$ 719	N.C.
Profit Margin (after tax)	0.5%	(85.6)%	2.1%	N.C.

[1] Is not directly comparable to previous years' figures.
N.C. = Not Calculated

rately, gains from sales of servicing averaged slightly more than $3 million per firm for survey respondents. Thus, when this short-run contribution to income is included, after-tax income rose to $120 thousand in 1988. However, this was still 86 percent lower than the 1987 figure, which was only $866 thousand. For the five year period, 1982 to 1986, net income averaged over $1.5 million per year.

Reflecting this weakness, profitability, by any measure, was anemic in 1988 (Table 10). At the average firm, the profit margin (net income as a percent of total income) fell for the second consecutive year in 1988, and at 0.5 percent, was barely positive. Lower net income also contributed to a fall in both return on average assets and return on average equity. The return on average assets (net income as a percent of average assets) fell to 0.08 percent in 1988, from 0.57 percent in 1987. Return on average assets for the period 1980 to 1986 had averaged 1.82 percent per year. Return on average equity (net income as a percent of average equity) fell to its lowest level of the decade. From 1980 to 1986 return on average equity averaged 14.60 percent per year, and in 1987 it was still 5.34 percent. In 1988, it was only 0.71 percent.

Table 10
Measures of Profitability
1987 and 1988

	Survey Average		Repeat Reporters	
	1988	1987	1988	1987
Profit Margin	0.46%	3.12%	2.05%	(0.84)%
Asset Turnover	18.64%	18.16%	16.85%	16.71%
Return on Assets	0.08%	0.57%	0.35%	(0.14)%
Leverage	8.36	9.43	9.05	10.71
Return on Equity	0.71%	5.34%	3.13%	(1.49)%
Gross Return on Average Assets [1]	3.78%	4.12%	3.79%	3.48%

[1]Gross Return on Average Assets is the sum of interest expenses net of taxes and net income, divided by average assets. Interest expenses net of taxes was computed using a 34% marginal tax rate, the highest allowable corporate tax rate pursuant to the Tax Reform Act of 1986.

IV. Ten "High Profit" Firms

Even under the difficult circumstances that prevailed in 1988, some firms in the survey still managed to maintain high levels of profitability. For firms that reported in both the 1987 and 1988 surveys, the ten most profitable achieved a return on average equity of 20.75 percent in 1988. While this is slightly lower than the 22.97 percent figure for 1987, the decline was quite moderate compared to the fall in return on average equity at the average firm. As noted earlier, for all survey respondents, return on average equity dropped to 0.71 percent in 1988 from 5.34 percent the previous year. Moreover, return on average equity for these ten firms in 1987 and 1988 was significantly higher than the industry average of 13.44 percent for the years 1980 to 1987.

The high profit firms tended to be among the larger institutions that responded to the survey. Total origination volume was 23 percent higher and servicing volume was 33 percent higher than at the average firm. In addition, both average assets and average liabilities were over 50 percent larger. Average equity, however, was nearly 18 percent lower. This combination of higher assets and lower equity resulted in a much higher leverage ratio for these ten firms. In 1988, the leverage ratio at the high profit firms was 14.97, compared to 8.36 for the average firm.

Total income at these ten firms rose over 3 percent between 1987 and 1988, compared to a decline of 5 percent at the average firm. The primary reason for this difference was a 21 percent increase in origination income at the high profit firms. For all survey respondents, origination income declined 15 percent in 1988. For the high profit firms, the declines in marketing and interest income, while not as steep, were in the same range as those of the average firm, and the increase in loan administration income was almost identical. On the other hand, gains from sales of servicing, at about $1 million, were not nearly as pronounced at the high profit firms. They averaged about $3 million at the average firm.

On the expense side, the ten high profit firms experienced a 7 percent increase in total expenses. At the average firm, total expenses rose only 1 percent. Personnel expenses for the high profit firms rose 5 percent, compared to less than 1 percent at the average firm. The larger increase in personnel expenses at the high profit firms is solely attributable to an 11 percent rise in the average number of employees per firm. Personnel expenses per employee actually fell 9 percent at the high profit firms, while they rose by 1 percent at the average firm.

Higher productivity levels were not a factor in the superior performance of these ten firms. In 1988, the number of loans closed per origination employee, at 21, and the number of loans serviced per servicing employee, at 637, were almost identical to levels found at the average firm in the survey.

Nonpersonnel expenses increased 8 percent at the high profit firms, compared to 1 percent for all survey respondents. Expenses for electronic data processing and loan processing rose much more rapidly for the high profit firms. Also, expenses to service foreclosures and real estate owned increased 23 percent, while at the average firm expenses in this area declined 36 percent. The decline in interest expenses and the increase in expenses for purchased servicing were similar for both groups.

With expenses rising faster than income, net operating income at these ten firms fell 16 percent to about $5 million in 1988, and after-tax income declined by 12 percent to $2.9 million. Consequently, the profit margin declined to 7.62 percent in 1988 from 8.93 percent in 1987. While the 1988 figures were lower than they were the previous year, the declines are much more modest than those experienced at the average firm in the survey. As noted earlier, net operating income for all survey respondents was negative in 1988, and after-tax income fell by 86 percent. Moreover, the profit margin for these ten firms still compares quite favorably to industry averages recorded in good years such as 1985 and 1986. Given the troubles the industry went through in 1988, it is quite heartening that some firms were still able to maintain high levels of profitability.

V. Developments in 1989

As this report highlights, 1988 was another troubling year for the mortgage banking industry. However, it is encouraging to note that several negative trends apparent in 1988 seemed to have abated somewhat in 1989.

After a very weak year in 1988, mortgage banker origination volume improved in 1989. Effective rates on FRMs rose slightly to an average of 10.6 percent in 1989, from about 10.5 percent in 1988. However, effective rates on ARMs rose by about one percentage point, increasing from 8.5 percent in 1988 to an average of 9.5 percent in 1989. Consequently, the spread between FRMs and ARMs narrowed in 1989. As expected, these developments increased the demand for FHA loans and reduced the demand for ARM loans, with the percentage of conventional loans closed with adjustable rates declining from 58 percent in 1988 to 39 percent in 1989. As a result, mortgage banker originations of one- to four-unit loans increased to an MBA estimated $102 billion in 1989, and their market share rose to 26 percent. Consistent with this increase in origination volume, both origination income and interest income were probably higher in 1989. Moreover, with the curtailment of suicide pricing of ARMs by thrifts, marketing income likely recovered as well.

With respect to servicing, both volume and income are expected to continue their steady upward climb in 1989. Part of the rise in servicing volume may have occurred through increased purchases of servicing rights. Generally, purchases and sales of servicing have become increasingly common in recent years, including 1989.

On the expense side, firms successfully kept cost increases to a minimum in 1988, and it is likely that they held their own again in 1989. One way firms combated rising costs was by consolidating their operations. A trend in loan production was to close or merge origination offices, and to further centralize the underwriting and processing functions. In servicing, the focus was on the implementation of cost saving computer applications, as well as better loan quality control.

Based on a small sample of firms that participate in MBA's Ratio Analysis Survey (RAS), it appears that these efforts were paying off, with servicing productivity rising and costs declining in 1989. Moreover, the downsizing of many loan production operations, in conjunction with the rise in origination volume, led to higher productivity in the loan production area.

Despite the introduction of these cost containment measures, some expenses very likely posted significant increases in 1989. Given the trend toward purchased servicing at many firms, the amortized cost of purchased servicing probably rose again in 1989, and will likely continue to rise in the years ahead. Also, the handling of delinquency and foreclosure problems remained very costly in 1989. Finally, due to the rise in origination volume, both origination and interest expenses were probably higher.

Even so, 1989 should prove to be a better year than 1988. After two consecutive yearly declines, income probably improved, and, with productivity rising in both origination and servicing, costs likely remained under control. For firms that reported to the RAS, overall profitability was significantly higher in 1989 than it was in 1988. Hopefully, the achievements of this small group of firms was representative of the industry as a whole.

INCOME STATEMENT 1988 — AVERAGE FIRM

Table		Page
1.01	By Millions of Dollars of Total Mortgage Loans Closed (In-House and Purchased)	18
1.02	By Millions of Dollars of Mortgage Loans Serviced	19
1.03	By Percent of Income Property Loans Closed to Total Loans Closed	20
1.04	By Percent of Income Property Loans Serviced to Total Loans Serviced	21
1.05	By Type of Ownership	22
1.06	By Percent of Purchased Production to Total Production	23

TABLE 1.01

INCOME STATEMENT 1988 — AVERAGE FIRM

By Millions of Dollars of Total Mortgage Loans Closed (In-House and Purchased)

Under $100	$100 to $199.9	$200 to $299.9	$300 to $499.9	$500 to $999.9	$1,000 and Over	All Reporting Firms	Income Statement Account
			(Dollars in Thousands)				
							INCOME:
							Loan Administration
							Servicing Fees
$1,694	$3,223	$ 5,613	$ 9,266	$17,571	$ 32,417	$ 9,493	Servicing Fees—1st Mtg. Loans
3	8	0	119	78	2	33	Servicing Fees—Non-1st Mtg. Loans
(23)	(251)	(348)	(420)	(795)	(2,069)	(515)	Amortization of Excess Servicing
186	291	932	1,126	2,742	4,254	1,264	Other Loan Administration Income
1,860	**3,271**	**6,197**	**10,091**	**19,596**	**34,604**	**10,275**	**Loan Administration Income**
							Loan Origination
816	1,291	2,962	3,396	5,227	12,455	3,544	Loan Origination Fees
129	(19)	(6)	164	996	912	308	Net Gain or (Loss) on Mtgs. Sold
100	309	521	687	1,033	4,523	951	Other Loan Origination Income
1,045	**1,581**	**3,477**	**4,247**	**7,256**	**17,890**	**4,803**	**Loan Origination Income**
							Interest
597	1,522	3,362	6,591	15,806	30,659	7,759	Inventory of First Mortgages
571	1,412	3,362	6,273	15,583	30,137	7,580	1- to 4-Unit Residential
26	110	0	318	223	522	179	Income Property
930	360	712	4,389	5,984	4,575	2,519	Other Interest Income
1,527	**1,882**	**4,074**	**10,980**	**21,790**	**35,234**	**10,278**	**Interest Income**
							Other
(1)	(9)	(446)	15	(360)	(216)	(104)	Net Gain (Loss) on Sale of REO
5	8	0	0	(275)	54	(25)	Net Gain (Loss) on Securities Held
							Property Management Fees and
114	10	506	84	248	716	211	Real Estate Commissions
195	303	3,535	735	1,590	1,644	909	All Other Operating Income
313	312	3,595	834	1,203	2,198	991	Other Income
4,745	**7,046**	**17,343**	**26,152**	**49,845**	**89,926**	**26,347**	**TOTAL INCOME**
							EXPENSES:
							Personnel
345	568	885	1,582	2,441	4,838	1,477	Loan Administration
467	911	1,809	2,352	4,005	10,053	2,639	Loan Origination (In-House)
278	519	764	1,290	1,604	7,286	1,592	Loan Production Officers
13	50	8	94	322	354	116	Purchased Production
73	170	304	505	559	1,428	416	Warehousing/Marketing
208	249	546	675	575	1,484	530	Management & Directors
218	262	1,444	1,059	1,924	3,224	1,059	All Other Personnel
1,601	2,729	5,759	7,556	11,430	28,666	7,829	Total Direct Compensation
239	415	931	1,126	2,543	4,645	1,327	Employee Fringe Benefits
13	16	42	80	27	200	53	Education & Training
1,854	**3,160**	**6,733**	**8,763**	**14,000**	**33,512**	**9,209**	**Total Personnel Expenses**
							Nonpersonnel
							Interest Expense
409	1,079	2,460	4,587	12,936	20,819	5,590	Inventory of First Mortgages
407	970	2,460	4,415	12,836	20,432	5,477	1- to 4-Unit Residential
2	109	0	172	100	387	113	Income Property
796	207	711	3,072	4,954	6,424	2,322	Other Interest Expense
1,205	1,286	3,171	7,659	17,890	27,243	7,912	Total Interest Expense
239	447	1,009	1,164	2,103	4,886	1,320	Occupancy
124	230	410	859	800	3,011	745	Electronic Data Processing
60	111	275	233	456	1,107	298	Other Equipment Rental
85	155	283	412	457	2,272	494	Loan Processing
2	5	516	3	15	40	46	Brokerage Commissions
45	15	407	260	338	269	169	Hedging Fees
7	43	55	154	275	409	128	Corporate Interest Losses on MBS Pools
96	114	194	238	1,019	1,709	453	Servicing Expenses—Foreclosures & REO
401	145	871	485	1,665	2,888	879	Provision for Loan Losses
20	7	127	98	553	454	162	Provision for Other Losses
257	411	852	1,445	5,626	8,802	2,302	Amortization of Purchased Servicing
3	1	79	0	1	18	9	Real Estate and Property Management
745	1,184	4,131	4,038	7,148	17,205	4,545	All Other Operating Expenses
3,289	**4,154**	**12,380**	**17,048**	**38,346**	**70,313**	**19,462**	**Total Nonpersonnel Expenses**
5,143	**7,314**	**19,113**	**25,811**	**52,346**	**103,825**	**28,671**	**TOTAL EXPENSES**
(398)	**(268)**	**(1,770)**	**341**	**(2,501)**	**(13,899)**	**(2,324)**	**Net Operating Income**
175	**508**	**1,748**	**3,004**	**3,016**	**15,479**	**3,147**	**Net Gain (Loss) on Sales of Servicing**
6	**(5)**	**0**	**24**	**(1,891)**	**148**	**(218)**	**Net Nonrecurring Gain (Loss)**
(107)	**170**	**(54)**	**1,446**	**(24)**	**1,907**	**485**	**Taxes on Income**
(110)	**65**	**32**	**1,923**	**(1,352)**	**(179)**	**120**	**NET INCOME**
40	23	9	22	16	16	126	Number of Firms Reporting

For purposes of comparison with prior years' data, 1988 income and costs are reported on a pre-FASB Statement 91 basis.

INCOME STATEMENT 1988 — AVERAGE FIRM

By Millions of Dollars of Mortgage Loans Serviced

Table 1.02

Under $200	$200 to $499.9	$500 to $999.9	$1,000 to $1,999.9	$2,000 to $4,999.9	$5,000 and Over	All Reporting Firms	Your Firm
			(Dollars in Thousands)				
$ 384	$1,109	$2,984	$5,350	$10,385	$33,750	$9,493	
0	7	53	2	83	27	33	
(1)	(37)	(371)	(397)	(543)	(1,585)	(515)	
22	111	326	629	1,348	4,746	1,264	
405	**1,190**	**2,992**	**5,584**	**11,273**	**36,938**	**10,275**	
660	829	1,322	3,712	4,342	9,343	3,544	
152	91	73	380	(1)	1,207	309	
122	184	252	591	1,364	2,808	951	
934	1,104	1,647	4,683	5,705	13,358	4,803	
633	703	1,812	5,878	8,645	26,470	7,759	
631	699	1,655	5,812	8,390	25,964	7,580	
2	4	157	66	255	506	179	
161	71	640	2,670	5,372	4,571	2,519	
794	**774**	**2,452**	**8,548**	**14,017**	**31,041**	**10,278**	
(12)	(28)	(56)	(12)	(333)	(80)	(104)	
4	0	5	7	(10)	(152)	(25)	
147	93	18	241	40	761	211	
210	106	320	625	2,046	1,539	909	
349	171	287	861	1,743	2,068	991	
2,482	**3,239**	**7,378**	**19,676**	**32,738**	**83,405**	**26,347**	
103	223	515	936	1,711	4,894	1,477	
415	455	1,016	2,266	3,252	7,580	2,639	
180	309	631	1,168	2,338	4,271	1,592	
17	35	29	77	193	293	116	
74	104	199	403	610	949	416	
176	221	257	517	614	1,271	530	
359	183	301	894	1,210	3,122	1,059	
1,323	1,530	2,946	6,262	9,928	22,380	7,829	
182	232	428	952	1,551	4,207	1,327	
8	16	20	28	66	160	53	
1,514	**1,778**	**3,395**	**7,241**	**11,545**	**26,747**	**9,209**	
524	534	1,420	4,872	5,529	19,201	5,590	
523	531	1,300	4,824	5,394	18,875	5,477	
1	3	120	48	135	326	113	
138	41	634	1,759	4,168	5,916	2,322	
662	575	2,054	6,631	9,697	25,117	7,912	
198	223	493	944	1,523	4,137	1,320	
87	67	259	589	717	2,560	745	
41	66	114	216	382	867	298	
143	137	143	337	672	1,362	494	
6	15	1	216	13	31	46	
60	82	189	192	254	179	169	
1	8	97	83	156	376	128	
8	37	51	278	527	1,661	453	
17	12	690	517	1,048	2,668	879	
64	11	12	38	97	729	162	
16	75	372	592	2,014	10,110	2,302	
2	1	2	8	19	17	9	
399	606	1,390	2,546	5,334	15,483	4,545	
1,704	**1,919**	**5,867**	**13,187**	**22,453**	**65,297**	**19,462**	
3,218	**3,697**	**9,262**	**20,428**	**33,998**	**92,044**	**28,671**	
(736)	**(458)**	**(1,884)**	**(752)**	**(1,260)**	**(8,639)**	**(2,324)**	
549	**332**	**635**	**3,005**	**3,771**	**9,600**	**3,147**	
5	**0**	**(118)**	**97**	**114**	**(1,422)**	**(218)**	
(45)	**(209)**	**(311)**	**1,051**	**1,123**	**940**	**485**	
(137)	**83**	**(1,056)**	**1,299**	**1,502**	**(1,401)**	**120**	
18	18	21	20	28	21	126	

For purposes of comparison with prior years' data, 1988 income and costs are reported on a pre-FASB Statement 91 basis.

TABLE 1.03

INCOME STATEMENT 1988 — AVERAGE FIRM

By Percent of Income Property Loans Closed to Total Loans Closed

0% All Residential	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 100%	All Reporting Firms	Income Statement Account
		(Dollars in Thousands)				
						INCOME:
						Loan Administration
						Servicing Fees
$ 8,122	$ 5,505	$20,102	$18,299	$ 9,010	$ 9,493	Servicing Fees—1st Mtg. Loans
43	3	39	0	0	33	Servicing Fees—Non-1st Mtg. Loans
(441)	(306)	(1,383)	(617)	(317)	(515)	Amortization of Excess Servicing
1,152	796	2,259	2,743	723	1,264	Other Loan Administration Income
8,876	**5,998**	**21,017**	**20,425**	**9,416**	**10,275**	**Loan Administration Income**
						Loan Origination
2,913	2,192	6,505	4,160	7,881	3,544	Loan Origination Fees
516	57	(367)	(741)	367	308	Net Gain or (Loss) on Mtgs. Sold
897	459	2,662	414	282	951	Other Loan Origination Income
4,326	**2,708**	**8,800**	**3,833**	**8,530**	**4,803**	**Loan Origination Income**
						Interest
6,886	2,995	13,388	12,684	13,829	7,759	Inventory of First Mortgages
6,773	2,921	13,146	11,487	13,618	7,580	1- to 4-Unit Residential
113	74	242	1,197	211	179	Income Property
1,700	4,972	4,706	909	4,549	2,519	Other Interest Income
8,586	**7,967**	**18,094**	**13,593**	**18,378**	**10,278**	**Interest Income**
						Other
(110)	(178)	(70)	15	(42)	(104)	Net Gain (Loss) on Sale of REO
15	(23)	0	29	(531)	(25)	Net Gain (Loss) on Securities Held
						Property Management Fees and
85	349	945	0	350	211	Real Estate Commissions
523	2,428	1,377	959	1,422	909	All Other Operating Income
513	2,576	2,252	1,003	1,199	991	Other Income
22,301	**19,249**	**50,163**	**38,854**	**37,523**	**26,347**	**TOTAL INCOME**
						EXPENSES:
						Personnel
1,202	908	3,232	3,092	1,623	1,477	Loan Administration
2,500	1,596	3,304	5,078	3,256	2,639	Loan Origination (In-House)
1,158	808	5,953	1,204	1,415	1,592	Loan Production Officers
140	43	79	183	0	116	Purchased Production
437	218	643	288	326	416	Warehousing/Marketing
563	492	553	168	485	530	Management & Directors
835	1,011	1,946	1,986	1,499	1,059	All Other Personnel
6,835	5,075	15,711	11,999	8,605	7,829	Total Direct Compensation
1,131	972	2,621	1,885	1,726	1,327	Employee Fringe Benefits
34	33	70	307	66	53	Education & Training
8,000	**6,081**	**18,401**	**14,191**	**10,396**	**9,209**	**Total Personnel Expenses**
						Nonpersonnel
						Interest Expense
5,301	1,932	6,949	6,091	13,105	5,590	Inventory of First Mortgages
5,238	1,886	6,815	5,172	12,981	5,477	1- to 4-Unit Residential
63	46	134	919	124	113	Income Property
1,493	3,993	5,539	2,476	3,060	2,322	Other Interest Expense
6,794	5,925	12,488	8,567	16,165	7,912	Total Interest Expense
1,109	820	2,629	2,370	1,752	1,320	Occupancy
516	299	3,036	466	788	745	Electronic Data Processing
261	212	489	714	260	298	Other Equipment Rental
462	170	1,315	468	225	494	Loan Processing
66	15	0	0	0	46	Brokerage Commissions
155	265	213	162	75	169	Hedging Fees
114	54	426	58	26	128	Corporate Interest Losses on MBS Pools
309	142	1,102	1,751	621	453	Servicing Expenses—Foreclosures & REO
428	1,308	3,402	1,015	981	879	Provision for Loan Losses
97	5	0	674	1,005	162	Provision for Other Losses
2,121	717	4,185	5,518	1,951	2,302	Amortization of Purchased Servicing
2	45	26	0	2	9	Real Estate and Property Management
3,559	3,454	10,867	5,691	6,726	4,545	All Other Operating Expenses
15,993	**13,431**	**40,178**	**27,454**	**30,577**	**19,462**	**Total Nonpersonnel Expenses**
23,993	**19,512**	**58,579**	**41,645**	**40,973**	**28,671**	**TOTAL EXPENSES**
(1,692)	**(263)**	**(8,416)**	**(2,791)**	**(3,450)**	**(2,324)**	**Net Operating Income**
3,240	**1,205**	**6,943**	**3,095**	**139**	**3,147**	**Net Gain (Loss) on Sales of Servicing**
(414)	**14**	**0**	**545**	**564**	**(218)**	**Net Nonrecurring Gain (Loss)**
675	**485**	**790**	**307**	**(1,862)**	**485**	**Taxes on Income**
459	**471**	**(2,263)**	**542**	**(885)**	**120**	**NET INCOME**
85	15	12	6	8	126	Number of Firms Reporting

For purposes of comparison with prior years' data, 1988 income and costs are reported on a pre-FASB Statement 91 basis.

INCOME STATEMENT 1988 — AVERAGE FIRM

Table 1.04

By Percent of Income Property Loans Serviced to Total Loans Serviced

0% All Residential	Less than 5%	5% to 14.9%	15% to 29.9%	30% to 100%	All Reporting Firms	Your Firm
			(Dollars in Thousands)			
$ 7,094	$12,026	$10,714	$16,250	$ 8,759	$ 9,493	
28	106	25	3	7	33	
(490)	(395)	(351)	(1,324)	(342)	(515)	
898	2,114	1,504	1,902	808	1,264	
7,530	**13,851**	**11,892**	**16,831**	**9,232**	**10,275**	
3,435	2,050	3,378	4,155	5,746	3,544	
709	344	(339)	(26)	(87)	308	
1,085	726	452	2,260	336	951	
5,229	**3,120**	**3,491**	**6,389**	**5,995**	**4,803**	
7,533	6,299	7,168	9,562	10,135	7,759	
7,485	6,197	6,852	8,851	9,997	7,580	
48	102	316	711	138	179	
768	2,325	4,602	1,870	7,609	2,519	
8,301	**8,624**	**11,770**	**11,432**	**17,744**	**10,278**	
(142)	1	(148)	(60)	(29)	(104)	
19	0	(8)	0	(313)	(25)	
63	253	415	481	215	211	
351	1,160	1,645	1,458	1,288	909	
291	1,414	1,904	1,879	1,161	991	
21,351	**27,009**	**29,057**	**36,531**	**34,132**	**26,347**	
996	1,772	1,777	2,841	1,500	1,477	
2,780	1,988	3,421	1,290	2,642	2,639	
1,404	789	865	5,488	1,254	1,592	
144	171	56	65	73	116	
453	386	338	484	371	416	
604	526	455	424	425	530	
874	1,298	1,150	1,363	1,146	1,059	
7,255	6,930	8,063	11,955	7,411	7,829	
1,107	1,419	1,384	2,042	1,460	1,327	
38	53	107	24	47	53	
8,400	**8,402**	**9,553**	**14,021**	**8,918**	**9,209**	
6,014	4,960	3,476	4,670	9,206	5,590	
5,978	4,944	3,220	4,290	9,128	5,477	
36	16	256	380	78	113	
606	3,175	3,855	2,812	5,848	2,322	
6,620	8,135	7,331	7,482	15,054	7,912	
1,227	884	1,442	2,065	1,410	1,320	
528	520	586	2,582	635	745	
269	312	370	370	218	298	
596	224	342	1,003	186	494	
92	5	8	0	0	46	
234	45	48	268	156	169	
94	204	109	280	80	128	
290	410	838	322	670	453	
261	1,152	692	3,084	1,683	879	
90	63	221	0	662	162	
1,479	4,541	2,036	4,045	2,053	2,302	
3	0	29	24	1	9	
3,586	4,109	4,601	9,071	5,264	4,545	
15,369	**20,604**	**18,653**	**30,596**	**28,072**	**19,462**	
23,769	**29,006**	**28,206**	**44,617**	**36,990**	**28,671**	
(2,418)	**(1,997)**	**851**	**(8,086)**	**(2,858)**	**(2,324)**	
3,943	**1,984**	**3,133**	**3,729**	**476**	**3,147**	
(38)	**(1,954)**	**115**	**0**	**422**	**(218)**	
572	**665**	**1,516**	**(489)**	**(1,157)**	**485**	
915	**(2,632)**	**2,583**	**(3,868)**	**(803)**	**120**	
60	17	24	12	13	126	

For purposes of comparison with prior years' data, 1988 income and costs are reported on a pre-FASB Statement 91 basis.

TABLE 1.05

INCOME STATEMENT 1988 -- AVERAGE FIRM

By Type of Ownership

Bank Holding Company Controlled	S & L Subsidiary	Privately Held	All Others	All Reporting Firms	Income Statement Account
		(Dollars in Thousands)			**INCOME:**
					Loan Administration
					Servicing Fees
$10,703	$ 9,106	$ 3,063	$14,020	$ 9,493	Servicing Fees—1st Mtg. Loans
65	5	25	3	33	Servicing Fees—Non-1st Mtg. Loans
(433)	(325)	(188)	(1,098)	(515)	Amortization of Excess Servicing
1,442	1,079	355	1,968	1,264	Other Loan Administration Income
11,777	**9,865**	**3,255**	**14,893**	**10,275**	**Loan Administration Income**
					Loan Origination
4,317	2,141	1,886	4,666	3,544	Loan Origination Fees
(43)	(277)	335	1,242	308	Net Gain or (Loss) on Mtgs. Sold (Net)
487	819	443	2,350	951	Other Loan Origination Income
4,761	**2,683**	**2,664**	**8,258**	**4,803**	**Loan Origination Income**
					Interest
10,175	4,792	2,450	10,558	7,759	Inventory of First Mortgages
9,795	4,792	2,450	10,450	7,580	1- to 4-Unit Residential
380	0	0	108	179	Income Property
4,550	1,267	395	1,805	2,519	Other Interest Income
14,725	**6,059**	**2,845**	**12,363**	**10,278**	**Interest Income**
					Other
(44)	(82)	(95)	(231)	(104)	Net Gain (Loss) on Sale of REO
(74)	0	7	16	(25)	Net Gain (Loss) on Securities Held
					Property Management Fees and
123	14	313	380	211	Real Estate Commissions
786	866	580	1,479	909	All Other Operating Income
791	798	805	1,644	991	Other Income
32,054	**19,405**	**9,569**	**37,158**	**26,347**	**TOTAL INCOME**
					EXPENSES:
					Personnel
1,708	1,433	448	2,125	1,477	Loan Administration
3,232	1,792	1,588	3,146	2,639	Loan Origination (In-House)
1,084	1,546	478	3,625	1,592	Loan Production Officers
84	215	13	217	116	Purchased Production
398	337	261	650	416	Warehousing/Marketing
442	761	402	676	530	Management & Directors
1,096	591	714	1,612	1,059	All Other Personnel
8,045	6,676	3,903	12,050	7,829	Total Direct Compensation
1,397	1,134	516	2,130	1,327	Employee Fringe Benefits
78	33	26	46	53	Education & Training
9,519	**7,842**	**4,446**	**14,227**	**9,209**	**Total Personnel Expenses**
					Nonpersonnel
					Interest Expense
7,435	2,710	1,952	7,670	5,590	Inventory of First Mortgages
7,175	2,710	1,952	7,639	5,477	1- to 4-Unit Residential
260	0	0	31	113	Income Property
3,710	1,744	593	1,950	2,322	Other Interest Expense
11,145	4,454	2,545	9,620	7,912	Total Interest Expense
1,480	957	600	1,972	1,320	Occupancy
599	583	261	1,580	745	Electronic Data Processing
297	268	156	460	298	Other Equipment Rental
335	277	189	1,205	494	Loan Processing
4	30	20	155	46	Brokerage Commissions
135	162	193	207	169	Hedging Fees
109	88	45	267	128	Corporate Interest Losses on MBS Pools
721	328	134	375	453	Servicing Expenses—Foreclosure & REO
890	903	25	1,699	879	Provision for Loan Losses
247	131	14	178	162	Provision for Other Losses
2,617	1,921	691	3,581	2,302	Amortization of Purchased Servicing
1	4	8	27	9	Real Estate and Property Management
4,522	3,281	1,619	8,253	4,545	All Other Operating Expenses
23,102	**13,387**	**6,500**	**29,579**	**19,462**	**Total Nonpersonnel Expenses**
32,621	**21,229**	**10,946**	**43,806**	**28,671**	**TOTAL EXPENSES**
(567)	**(1,824)**	**(1,377)**	**(6,648)**	**(2,324)**	**Net Operating Income**
2,669	**2,900**	**781**	**6,497**	**3,147**	**Net Gain (Loss) on Sales of Servicing**
13	**(1,949)**	**(45)**	**226**	**(218)**	**Net Nonrecurring Gain (Loss)**
786	**381**	**55**	**446**	**485**	**Taxes on Income**
1,329	**(1,254)**	**(696)**	**(371)**	**120**	**NET INCOME**
51	17	29	29	126	Number of Firms Reporting

For purposes of comparison with prior years' data, 1988 income and costs are reported on a pre-FASB Statement 91 basis.

INCOME STATEMENT 1988 — AVERAGE FIRM

By Percent of Purchased Production to Total Production

Table 1.06

0% All In-House	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Purchased Production	All Reporting Firms	Your Firm
			(Dollars in Thousands)				
$2,746	$ 8,170	$ 6,581	$12,674	$19,227	*	$ 9,493	
13	43	62	69	2	*	33	
(157)	(371)	(232)	(909)	(1,041)	*	(515)	
251	1,096	1,079	1,342	2,981	*	1,264	
2,853	**8,938**	**7,490**	**13,176**	**21,169**	*	**10,275**	
1,863	4,815	2,543	5,172	3,648	*	3,544	
211	497	(174)	111	687	*	308	
381	1,546	419	1,225	1,137	*	951	
2,455	**6,858**	**2,788**	**6,508**	**5,472**	*	**4,803**	
1,706	8,273	3,568	12,018	14,660	*	7,759	
1,674	8,145	3,423	11,972	14,057	*	7,580	
32	128	145	46	603	*	179	
1,123	1,009	1,005	7,792	2,268	*	2,519	
2,829	**9,282**	**4,573**	**19,810**	**16,928**	*	**10,278**	
(53)	(146)	(144)	(63)	(136)	*	(104)	
4	(8)	0	10	(136)	*	(25)	
109	13	365	265	478	*	211	
319	1,317	851	447	1,754	*	909	
379	**1,176**	**1,072**	**659**	**1,960**	*	**991**	
8,516	**26,254**	**15,923**	**40,153**	**45,529**	*	**26,347**	
495	1,416	1,244	1,793	2,788	*	1,477	
1,014	3,088	2,440	4,048	3,384	*	2,639	
536	2,978	840	1,619	1,879	*	1,592	
2	23	43	248	326	*	116	
161	633	248	745	331	*	416	
328	518	293	936	627	*	530	
501	1,070	1,037	994	1,869	*	1,059	
3,036	9,725	6,146	10,382	11,203	*	7,829	
430	1,466	897	1,685	2,406	*	1,327	
30	57	30	52	97	*	53	
3,497	**11,249**	**7,072**	**12,120**	**13,707**	*	**9,209**	
1,265	6,303	1,962	8,965	10,126	*	5,590	
1,258	6,217	1,818	8,925	9,773	*	5,477	
7	86	144	40	353	*	113	
949	1,434	737	6,380	2,256	*	2,322	
2,214	7,737	2,699	15,345	12,382	*	7,912	
450	1,424	1,354	1,931	1,907	*	1,320	
305	867	374	815	1,382	*	745	
100	397	258	392	413	*	298	
271	966	151	492	451	*	494	
136	7	8	11	21	*	46	
238	129	97	207	131	*	169	
28	184	31	170	229	*	128	
61	366	414	632	1,011	*	453	
495	908	289	582	1,964	*	879	
45	48	122	168	498	*	162	
208	2,103	905	2,848	5,659	*	2,302	
4	17	11	0	14	*	9	
1,341	4,957	2,548	6,343	8,251	*	4,545	
5,896	**20,110**	**9,261**	**29,936**	**34,313**	*	**19,462**	
9,393	**31,359**	**16,333**	**42,056**	**48,020**	*	**28,671**	
(877)	**(5,105)**	**(410)**	**(1,903)**	**(2,491)**	*	**(2,324)**	
1,498	**3,529**	**1,844**	**6,779**	**2,385**	*	**3,147**	
49	**180**	**65**	**(126)**	**(112)**	*	**(218)**	
334	**152**	**578**	**1,762**	**(85)**	*	**485**	
336	**(1,548)**	**921**	**2,988**	**(133)**	*	**120**	
35	30	14	22	24	*	126	

For purposes of comparison with prior years' data, 1988 income and cost are reported on a pre-FASB Statement 91 basis.

* Data not shown due to an insufficient number of reporters.

BALANCE SHEET 1988 — AVERAGE FIRM

Table		Page
2.01	By Millions of Dollars of Total Mortgage Loans Closed (In-House and Purchased)	26
2.02	By Millions of Dollars of Mortgage Loans Serviced	27
2.03	By Percent of Income Property Loans Closed to Total Loans Closed	28
2.04	By Percent of Income Property Loans Serviced to Total Loans Serviced	29
2.05	By Type of Ownership	30
2.06	By Percent of Purchased Production to Total Production	31

TABLE 2.01

BALANCE SHEET 1988 — AVERAGE FIRM

By Millions of Dollars of Total Mortgage Loans Closed (In-House and Purchased)

Under $100	$100 to $199.9	$200 to $299.9	$300 to $499.9	$500 to $999.9	$1,000 and Over	All Reporting Firms	Income Statement Account
			(Dollars in Thousands)				**ASSETS:**
$ 376	$ 979	$ 2,433	$ 2,319	$ 3,770	$ 8,502	$ 2,435	Cash (Except Escrows & Other Fiduciary Funds)
322	499	1,268	1,072	16,639	1	2,584	Marketable Securities, At Cost
1,083	1,832	7,641	10,738	13,735	39,756	9,891	Receivables
							Inventory:
4,555	14,747	30,650	67,277	116,926	285,467	69,171	First Mortgages, Principal Balances
4,549	14,711	29,891	66,571	112,040	284,142	68,197	1- to 4-Unit Residential
0	36	759	25	4,603	984	775	Income Property
5	0	0	681	283	341	200	Other First Mortgages
0	0	(11)	(7)	0	0	(2)	Deferred Fees & Costs
75	144	325	751	1,500	5,573	1,103	Discount on Loans
4,480	14,603	30,314	66,519	115,426	279,894	68,066	First Mortgages, At Cost
644	543	2,604	2,376	1,051	5,964	1,795	Land & Development Loans, Disbursed
4,177	1,993	2,022	30,640	24,181	13,543	11,974	Construction Loans, Disbursed
7	19	16	0	0	32	10	Second Mortgage Loans
50	15	0	1,314	710	131	355	Other Loans in Inventory
9,358	17,173	34,956	100,849	141,368	299,564	82,200	Total Inventory
29	0	27	185	0	0	44	Reverse Repurchase Agreements
11,168	**20,483**	**46,325**	**115,163**	**175,512**	**347,823**	**97,154**	**Current Assets**
415	721	1,086	1,817	5,998	9,136	2,580	Prop., Equip., & Leasehold Improvements (Net)
39	78	5,052	16	171	110	426	Other Real Estate Investments
418	434	1,696	1,838	14,550	8,096	3,530	Noninterest Earning Loans
553	388	7,252	2,054	5,930	8,269	2,926	Real Estate Acquired Through Foreclosure
4,408	6,267	13,015	29,862	89,164	147,856	38,785	Other Noncurrent Assets
1,444	2,653	5,191	14,246	53,552	65,053	18,862	Purchased Servicing (Net of Amort.)
131	1,609	2,001	3,404	5,213	10,689	3,092	Excess Servicing (Net of Amort.)
64	13	201	1,572	2,580	9,632	1,862	Goodwill (Net of Amort.)
2,007	1,482	3,115	7,863	15,044	27,524	7,908	First Mortgages Held for Investment
555	74	1,870	200	8,821	8,012	2,496	Securities Held for Investment
(264)	(282)	(555)	(805)	(2,046)	(2,914)	(945)	Allowance for Losses (Contra)
471	718	1,192	3,382	6,000	29,860	5,510	All Other Noncurrent Assets
5,833	**7,888**	**28,101**	**35,587**	**115,813**	**173,467**	**48,247**	**Noncurrent Assets**
16,999	**28,374**	**74,428**	**150,748**	**291,323**	**521,291**	**145,402**	**TOTAL ASSETS**
							LIABILITIES & NET WORTH:
11,891	21,344	32,482	118,984	219,641	295,901	96,232	Lines of Credit
463	267	13,531	1,203	2,086	43,407	7,149	Short-Term Notes Payable to Others
281	400	507	1,595	5,153	6,963	2,016	Accrued Expenses
849	1,463	4,916	7,230	16,550	39,920	9,321	Other Current Liabilities
13,484	**23,474**	**51,436**	**129,012**	**243,430**	**386,191**	**114,718**	**Current Liabilities**
168	710	4,945	653	8,043	69,609	10,511	Long-Term Secured Debt
0	0	0	185	5,064	5,068	1,319	Long-Term Subordinated Debt
364	216	5,085	962	308	7,711	1,704	Other Long-Term Liabilities
532	**926**	**10,030**	**1,800**	**13,415**	**82,388**	**13,534**	**Noncurrent Liabilities**
14,015	**24,400**	**61,467**	**130,811**	**256,845**	**468,579**	**128,251**	**TOTAL LIABILITIES**
365	390	424	1,294	936	398	613	Common & Preferred Stock
1,708	2,451	5,641	9,067	27,270	43,528	11,966	Paid-In Capital
923	1,188	6,896	9,728	6,273	9,598	4,716	Retained Earnings
(13)	(55)	0	(151)	0	(813)	(144)	Treasury Stock
2,984	**3,973**	**12,962**	**19,938**	**34,479**	**52,712**	**17,151**	**TOTAL EQUITY**
16,999	**28,374**	**74,428**	**150,748**	**291,323**	**521,291**	**145,402**	**TOTAL LIABILITIES & EQUITY**
40	23	9	22	16	16	126	Number of Firms Reporting

For purposes of comparison with prior years' data, the 1988 balance sheet is reported on a pre-FASB Statement 91 basis.

BALANCE SHEET 1988 — AVERAGE FIRM

By Millions of Dollars of Mortgage Loans Serviced

Table 2.02

	Under $200	$200 to $499.9	$500 to $999.9	$1,000 to $1,999.9	$2,000 to $4,999.9	$5,000 and Over	All Reporting Firms	Your Firm
				(Dollars in Thousands)				
	$ 745	$ 600	$ 790	$ 1,734	$ 2,987	$ 7,034	$ 2,435	
	12	78	1,071	684	364	13,220	2,584	
	547	449	2,133	9,656	9,430	34,593	9,891	
	5,006	6,887	15,472	63,195	89,625	209,677	69,171	
	4,960	6,887	15,468	60,279	88,664	207,931	68,197	
	46	0	0	2,916	961	550	775	
	0	0	3	0	0	1,196	200	
	0	0	0	0	(9)	0	(2)	
	59	98	150	640	1,102	4,252	1,103	
	4,947	6,789	15,322	62,555	86,514	205,425	68,066	
	75	30	783	2,167	2,467	4,544	1,795	
	508	211	1,454	11,152	35,081	12,381	11,974	
	19	0	0	22	1	26	10	
	0	3	0	114	1,045	624	355	
	5,549	7,033	17,559	76,010	127,108	223,000	82,200	
	17	62	0	204	0	0	44	
	6,870	**8,222**	**21,553**	**88,288**	**139,889**	**277,847**	**97,154**	
	246	430	573	1,117	2,956	9,323	2,580	
	5	85	93	7	1,623	213	426	
	114	29	127	2,127	1,709	16,624	3,530	
	2,663	97	213	1,898	2,545	9,779	2,926	
	1,319	1,171	8,451	15,320	45,942	146,272	38,785	
	134	527	1,686	4,359	14,066	88,012	18,862	
	46	211	2,301	3,165	3,449	8,417	3,092	
	17	4	14	201	927	9,715	1,862	
	1,270	266	1,820	4,134	22,761	10,028	7,908	
	2	47	1,043	2,058	3,898	6,731	2,496	
	(257)	(49)	(272)	(1,133)	(566)	(3,306)	(945)	
	107	165	1,859	2,536	1,407	26,675	5,510	
	4,347	**1,812**	**9,457**	**20,469**	**54,775**	**182,211**	**48,247**	
	11,215	**10,036**	**31,009**	**108,757**	**194,666**	**460,057**	**145,402**	
	4,831	6,515	23,323	70,288	147,568	280,646	96,232	
	728	327	40	13,961	3,174	24,424	7,149	
	203	147	383	1,225	2,001	7,576	2,016	
	514	372	2,247	6,386	6,785	37,791	9,321	
	6,276	**7,361**	**25,993**	**91,860**	**159,528**	**350,437**	**114,718**	
	1,337	76	13	1,897	12,059	43,952	10,511	
	0	0	194	0	516	7,031	1,319	
	2,084	133	1,475	1,809	411	4,579	1,704	
	3,421	**209**	**1,682**	**3,706**	**12,986**	**55,562**	**13,534**	
	9,697	**7,569**	**27,674**	**95,566**	**172,513**	**406,001**	**128,251**	
	173	537	470	417	858	1,057	613	
	1,417	1,386	2,823	4,768	9,346	49,567	11,966	
	(42)	611	45	8,173	11,948	4,051	4,716	
	(29)	(87)	(3)	(166)	0	(619)	(144)	
	1,519	**2,467**	**3,335**	**13,191**	**22,153**	**54,056**	**17,151**	
	11,215	**10,036**	**31,009**	**108,757**	**194,666**	**460,057**	**145,402**	
	18	18	21	20	28	21	126	

For purposes of comparison with prior years' data, the 1988 balance sheet is reported on a pre-FASB Statement 91 basis.

TABLE 2.03

BALANCE SHEET 1988 — AVERAGE FIRM

By Percent of Income Property Loans Closed to Total Loans Closed

0% All Residential	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 100%	All Reporting Firms	Income Statement Account
		(Dollars in Thousands)				
						ASSETS:
$ 1,859	$ 2,836	$ 7,461	$ 1,500	$ 962	$ 2,435	Cash (Except Escrows & Other Fiduciary Funds)
3,286	1,242	10	1,522	2,297	2,584	Marketable Securities, At Cost
8,044	6,694	25,122	21,702	3,813	9,891	Receivables
						Inventory:
65,921	31,709	137,648	91,030	54,844	69,171	First Mortgages, Principal Balances
65,919	30,061	132,531	89,150	51,690	68,197	1-to-4-Unit Residential
0	1,644	5,117	971	716	775	Income Property
2	5	0	910	2,439	200	Other First Mortgages
(3)	0	0	0	0	(2)	Deferred Fees & Costs
668	325	1,805	8,731	400	1,103	Discount on Loans
65,250	31,384	135,843	82,299	54,444	68,066	First Mortgages, At Cost
958	1,903	3,136	9,725	2,530	1,795	Land & Development Loans, Disbursed
7,078	30,935	9,641	18,633	26,951	11,974	Construction Loans, Disbursed
10	1	2	6	52	10	Second Mortgage Loans
133	1,855	276	0	285	355	Other Loans in Inventory
73,429	66,078	148,898	110,663	84,262	82,200	Total Inventory
65	0	0	0	0	44	Reverse Repurchase Agreements
86,683	**76,850**	**181,491**	**135,387**	**91,334**	**97,154**	**Current Assets**
2,322	1,415	4,073	5,943	2,748	2,580	Prop., Equip., & Leasehold Improvements (Net)
47	2,990	165	0	355	426	Other Real Estate Investments
4,462	139	2,807	2,464	1,860	3,530	Noninterest Earning Loans
2,102	1,476	8,007	5,767	4,656	2,926	Real Estate Acquired Through Foreclosure
31,936	16,572	107,206	65,198	30,749	38,785	Other Noncurrent Assets
18,918	4,074	31,317	41,920	10,019	18,862	Purchased Servicing (Net of Amort.)
3,264	1,648	3,630	3,556	2,814	3,092	Excess Servicing (Net of Amort.)
857	13	11,070	1,095	2,771	1,862	Goodwill (Net of Amort.)
4,268	8,483	31,067	9,678	9,441	7,908	First Mortgages Held for Investment
2,263	4	5,926	8,428	44	2,496	Securities Held for Investment
(688)	(173)	(3,358)	(1,419)	(1,154)	(945)	Allowance for Losses (Contra)
3,054	2,523	27,554	1,940	6,814	5,510	All Other Noncurrent Assets
40,869	**22,592**	**122,258**	**79,372**	**40,368**	**48,247**	**Noncurrent Assets**
127,552	**99,443**	**303,748**	**214,759**	**131,701**	**145,402**	**TOTAL ASSETS**
						LIABILITIES & NET WORTH:
91,421	72,134	165,811	68,167	109,208	96,232	Lines of Credit
4,066	8,236	34,380	4	2,385	7,149	Short-Term Notes Payable to Others
2,084	716	2,539	2,477	2,596	2,016	Accrued Expenses
7,411	3,405	35,397	9,215	1,675	9,321	Other Current Liabilities
104,982	**84,491**	**238,127**	**79,863**	**115,864**	**114,718**	**Current Liabilities**
4,335	2,399	28,530	96,249	2	10,511	Long-Term Secured Debt
1,807	271	705	0	0	1,319	Long-Term Subordinated Debt
1,024	2,120	7,041	734	883	1,704	Other Long-Term Liabilities
7,166	**4,790**	**36,276**	**96,983**	**885**	**13,534**	**Noncurrent Liabilities**
112,148	**89,281**	**274,401**	**176,844**	**116,749**	**128,251**	**TOTAL LIABILITIES**
441	672	1,045	475	1,782	613	Common & Preferred Stock
10,628	1,938	24,001	26,339	16,147	11,966	Paid-In Capital
4,395	7,553	5,386	11,101	(2,976)	4,716	Retained Earnings
(60)	0	(1,084)	0	0	(144)	Treasury Stock
15,404	**10,163**	**29,348**	**37,915**	**14,952**	**17,151**	**TOTAL EQUITY**
127,552	**99,443**	**303,748**	**214,759**	**131,701**	**145,402**	**TOTAL LIABILITIES & EQUITY**
85	15	12	6	8	126	Number of Firms Reporting

For purposes of comparison with prior years' data, the 1988 balance sheet is reported on a pre-FASB Statement 91 basis.

BALANCE SHEET 1988 — AVERAGE FIRM

By Percent of Income Property Loans Serviced to Total Loans Serviced

Table 2.04

	0% All Residential	Less than 5%	5% to 14.9%	15% to 29.9%	30% to 100%	All Reporting Firms	Your Firm
			(Dollars in Thousands)				
	$ 1,710	$ 2,782	$ 3,476	$ 4,832	$ 1,193	$ 2,435	
	256	15,855	818	224	1,415	2,584	
	8,703	8,985	11,505	19,307	4,889	9,891	
	68,970	72,271	58,871	109,213	48,101	69,171	
	68,110	72,222	57,405	108,387	46,160	68,197	
	858	49	1,235	827	440	775	
	2	0	230	0	1,501	200	
	(2)	0	(6)	0	0	(2)	
	645	851	2,616	1,524	360	1,103	
	68,323	71,420	56,249	107,689	47,741	68,066	
	1,018	0	5,084	1,446	1,979	1,795	
	2,372	1,471	27,116	3,737	49,682	11,974	
	7	27	1	0	34	10	
	(2)	711	96	30	2,315	355	
	71,718	73,629	88,546	112,902	101,751	82,200	
	92	0	0	0	0	44	
	82,479	**101,251**	**104,345**	**137,265**	**109,248**	**97,154**	
	1,642	5,639	2,663	3,371	2,021	2,580	
	42	97	1,943	0	213	426	
	2,447	12,838	1,761	1,835	1,183	3,530	
	1,968	3,120	3,084	5,840	4,117	2,926	
	22,599	60,337	40,820	87,909	36,199	38,785	
	11,965	44,181	18,028	28,153	10,550	18,862	
	3,760	2,019	2,008	4,030	2,545	3,092	
	216	3,516	286	11,070	1,705	1,862	
	1,975	2,270	12,295	28,272	15,770	7,908	
	1,694	6,554	33	5,926	2,271	2,496	
	(570)	(1,143)	(527)	(3,034)	(1,263)	(945)	
	3,559	2,940	8,697	13,492	4,621	5,510	
	28,698	**82,031**	**50,271**	**98,955**	**43,745**	**48,247**	
	111,177	**183,282**	**154,613**	**236,220**	**152,993**	**145,402**	
	78,939	126,036	87,331	117,401	133,965	96,232	
	5,412	788	5,370	34,553	1,475	7,149	
	1,695	1,307	3,352	2,203	1,782	2,016	
	6,633	13,958	13,261	16,321	1,926	9,321	
	92,679	**142,089**	**109,314**	**170,478**	**139,148**	**114,718**	
	2,761	11,795	25,624	28,599	1	10,511	
	835	6,333	0	705	0	1,319	
	1,832	274	577	6,605	543	1,704	
	5,428	**18,402**	**26,201**	**35,909**	**544**	**13,534**	
	98,106	**160,491**	**135,513**	**206,386**	**139,692**	**128,251**	
	583	670	471	215	1,307	613	
	7,481	24,335	10,176	22,182	10,365	11,966	
	5,073	(2,214)	9,046	7,437	1,628	4,716	
	(65)	0	(592)	0	0	(144)	
	13,072	**22,791**	**19,100**	**29,834**	**13,301**	**17,151**	
	111,177	**183,282**	**154,613**	**236,220**	**152,993**	**145,402**	
	60	17	24	12	13	126	

For purposes of comparison with prior years' data, the 1988 balance sheet is reported on a pre-FASB Statement 91 basis.

TABLE 2.05

BALANCE SHEET 1988 — AVERAGE FIRM
By Type of Ownership

Bank Holding Company Controlled	S & L Subsidiary	Privately Held	All Others	All Reporting Firms	Income Statement Account
		(Dollars in Thousands)			**ASSETS:**
$ 2,089	$ 3,094	$ 940	$ 4,153	$ 2,435	Cash (Except Escrows & Other Fiduciary Funds)
416	577	493	9,664	2,584	Marketable Securities, At Cost
9,059	9,829	3,502	17,783	9,891	Receivables
					Inventory:
75,202	69,938	26,984	100,304	69,171	First Mortgages, Principal Balances
72,944	69,938	26,749	100,276	68,197	1- to 4-Unit Residential
1,764	0	236	29	775	Income Property
494	0	0	0	200	Other First Mortgages
(2)	(9)	0	0	(2)	Deferred Fees & Costs
1,641	902	332	1,044	1,103	Discount on Loans
73,559	69,027	26,652	99,260	68,066	First Mortgages, At Cost
3,411	989	833	388	1,795	Land & Development Loans, Disbursed
28,369	382	1,539	373	11,974	Construction Loans, Disbursed
10	4	21	6	10	Second Mortgage Loans
656	14	0	379	355	Other Loans in Inventory
106,005	70,416	29,045	100,406	82,200	Total Inventory
17	0	159	0	44	Reverse Repurchase Agreements
117,586	**83,916**	**34,139**	**132,006**	**97,154**	**Current Assets**
2,290	2,650	1,276	4,352	2,580	Prop., Equip., & Leasehold Improvements (Net)
111	28	94	1,544	426	Other Real Estate Investments
2,095	686	61	11,187	3,530	Noninterest Earning Loans
2,721	1,661	136	6,819	2,926	Real Estate Acquired Through Foreclosure
49,556	28,950	4,686	59,704	38,785	Other Noncurrent Assets
19,017	22,384	2,549	32,838	18,862	Purchased Servicing (Net of Amort.)
3,162	2,179	806	5,790	3,092	Excess Servicing (Net of Amort.)
442	1,034	193	6,514	1,862	Goodwill (Net of Amort.)
16,624	954	174	4,392	7,908	First Mortgages Held for Investment
3,149	1,288	60	4,489	2,496	Securities Held for Investment
(781)	(245)	(71)	(2,520)	(945)	Allowance for Losses (Contra)
7,943	1,356	975	8,201	5,510	All Other Noncurrent Assets
56,773	**33,975**	**6,253**	**83,606**	**48,247**	**Noncurrent Assets**
174,360	**117,893**	**40,393**	**215,612**	**145,402**	**TOTAL ASSETS**
					LIABILITIES & NET WORTH:
122,121	80,189	23,999	132,340	96,232	Lines of Credit
5,450	714	2,780	18,279	7,149	Short-Term Notes Payable to Others
2,335	1,706	489	3,162	2,016	Accrued Expenses
9,000	12,704	4,259	12,962	9,321	Other Current Liabilities
138,906	**95,313**	**31,527**	**166,743**	**114,718**	**Current Liabilities**
17,780	215	3,223	11,049	10,511	Long-Term Secured Debt
166	4,413	1,332	1,519	1,319	Long-Term Subordinated Debt
869	386	34	5,616	1,704	Other Long-Term Liabilities
18,815	**5,014**	**4,589**	**18,184**	**13,534**	**Noncurrent Liabilities**
157,722	**100,329**	**36,115**	**184,927**	**128,251**	**TOTAL LIABILITIES**
491	196	316	1,368	613	Common & Preferred Stock
10,607	12,077	694	25,562	11,966	Paid-In Capital
5,819	5,290	3,403	3,755	4,716	Retained Earnings
(279)	0	(135)	0	(144)	Treasury Stock
16,638	**17,563**	**4,279**	**30,686**	**17,151**	**TOTAL EQUITY**
174,360	**117,893**	**40,393**	**215,612**	**145,402**	**TOTAL LIABILITIES & EQUITY**
51	17	29	29	126	Number of Firms Reporting

For purposes of comparison with prior years' data, the 1988 balance sheet is reported on a pre-FASB Statement 91 basis.

BALANCE SHEET 1988 — AVERAGE FIRM

By Percent of Purchased Production to Total Production

Table 2.06

0% All In-House	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Purchased Production	All Reporting Firms	Your Firm
			(Dollars in Thousands)				
$ 1,314	$ 2,071	$ 1,479	$ 3,541	$ 3,376	*	$ 2,435	
177	263	1,455	505	11,667	*	2,584	
2,264	13,756	5,042	17,415	11,625	*	9,891	
14,765	91,453	34,887	89,725	118,270	*	69,171	
14,760	88,652	33,588	89,725	117,419	*	68,197	
0	2,301	904	0	663	*	775	
4	499	395	0	189	*	200	
0	(3)	(11)	0	0	*	(2)	
145	956	424	805	3,262	*	1,103	
14,620	90,494	34,452	88,920	115,008	*	68,066	
702	1,829	1,649	2,945	2,453	*	1,795	
5,456	6,756	398	43,389	6,459	*	11,974	
11	30	0	0	2	*	10	
88	10	0	1,383	456	*	355	
20,877	99,119	36,499	136,637	124,378	*	82,200	
150	8	0	0	0	*	44	
24,782	**115,217**	**44,475**	**158,098**	**151,046**	*	**97,154**	
749	2,858	1,450	2,375	5,692	*	2,580	
61	1,555	0	99	113	*	426	
1,357	1,083	216	1,888	13,342	*	3,530	
2,090	2,953	638	2,390	5,762	*	2,926	
5,720	25,520	9,362	59,243	97,400	*	38,785	
984	15,739	4,850	24,203	47,126	*	18,862	
903	2,471	1,084	6,769	[illegible]	*	3,092	
63	1,101	7	311	[illegible]	*	1,862	
3,028	2,303	1,112	18,907	[illegible]	*	7,908	
15	2,697	1,536	46	8,769	*	2,496	
(617)	(1,054)	(260)	(745)	(1,912)	*	(945)	
1,344	2,263	1,033	9,752	14,594	*	5,510	
9,977	**33,969**	**11,666**	**65,995**	**122,309**	*	**48,247**	
34,759	**149,184**	**56,142**	**224,093**	**273,356**	*	**145,402**	
23,655	106,685	32,145	172,720	154,377	*	96,232	
277	10,179	4,048	2,030	20,184	*	7,149	
710	1,422	896	4,992	2,542	*	2,016	
1,032	8,760	2,913	18,731	13,362	*	9,321	
25,674	**127,046**	**40,002**	**198,473**	**190,465**	*	**114,718**	
1,077	4,071	6,417	896	43,958	*	10,511	
116	1,088	429	1,818	352	*	1,319	
1,898	3,958	585	881	83	*	1,704	
3,091	**9,117**	**7,431**	**3,595**	**44,393**	*	**13,534**	
28,764	**136,164**	**47,433**	**202,066**	**234,860**	*	**128,251**	
519	284	503	490	1,342	*	613	
3,007	6,388	2,008	11,623	36,408	*	11,966	
2,564	6,369	6,197	10,505	797	*	4,716	
(95)	(20)	0	(591)	(50)	*	(144)	
5,995	**13,020**	**8,708**	**22,027**	**38,496**	*	**17,151**	
34,759	**149,184**	**56,142**	**224,093**	**273,356**	*	**145,402**	
35	30	14	22	24	*	126	

For purposes of comparison with prior years' data, the 1988 balance sheet is reported on a pre-FASB Statement 91 basis.

*Data not shown due to an insufficient number of reporters.

SELECTED RATIOS — 1988

Table		Page
3.01	By Millions of Dollars of Total Mortgage Loans Closed (In-House and Purchased)	34
3.02	By Millions of Dollars of Mortgage Loans Serviced	35
3.03	By Percent of Income Property Loans Closed to Total Loans Closed	36
3.04	By Percent of Income Property Loans Serviced to Total Loans Serviced	37
3.05	By Type of Ownership	38
3.06	By Percent of Purchased Production to Total Production	39

TABLE 3.01

SELECTED RATIOS — 1988

By Millions of Dollars of Total Mortgage Loans Closed (In-House and Purchased)

Under $100	$100 to $199.9	$200 to $299.9	$300 to $499.9	$500 to $999.9	$1,000 and Over	All Reporting Firms	
							PROFITABILITY
0.322	0.267	0.235	0.420	0.437	0.392	0.390	Total Interest Income/Total Income
0.392	0.464	0.357	0.386	0.393	0.385	0.390	Loan Admin. Income/Total Income
0.220	0.224	0.200	0.162	0.146	0.199	0.182	Loan Orig. Income/Total Income
0.066	0.044	0.207	0.032	0.024	0.024	0.038	All Other Income/Total Income
0.360	0.432	0.352	0.340	0.267	0.323	0.321	Personnel Expenses/Total Expenses
0.640	0.568	0.648	0.660	0.733	0.677	0.679	Nonpersonnel Expenses/Total Expenses
0.234	0.176	0.166	0.297	0.342	0.262	0.276	Interest Expenses/Total Expenses
(0.084)	(0.038)	(0.102)	0.013	(0.050)	(0.155)	(0.088)	Net Operating Income/Total Income
(0.023)	0.009	0.002	0.074	(0.027)	(0.002)	0.005	Net Income/Total Income
(0.037)	0.016	0.003	0.104	(0.038)	(0.003)	0.007	Net Income/Average Equity
(0.006)	0.002	0.000	0.014	(0.005)	0.000	0.001	Net Income/Average Assets
							LEVERAGE
0.068	0.047	0.034	0.055	0.060	0.047	0.052	Total Int. Exp./Avg. Total Liabilities
4.716	6.092	4.947	7.049	7.204	7.705	7.104	Debt/Average Equity
0.789	0.895	0.659	0.933	0.867	0.807	0.837	Debt/Average Assets
5.975	6.809	7.512	7.558	8.311	9.550	8.484	Average Assets/Average Equity
							ACTIVITY
0.267	0.258	0.186	0.186	0.168	0.155	0.172	Asset Turnover(Total Income/Avg. Assets)
21	36	58	50	74	71	61	Avg. Days in Inventory—All Loans
44	52	47	82	107	79	80	Avg. Days in Inventory—1- to 4-Unit Loans
0	1	213	0	19	3	5	Avg. Days in Inventory—Income Prop. Loans
16	21	19	23	17	22	21	Number of Loans Closed/Orig. Employee
555	565	571	648	714	631	633	Number of Loans Serv./Loan Admin. Empl.
$ 2,255,229	$ 1,949,676	$ 1,562,534	$ 2,697,791	$ 1,812,612	$ 2,134,661	$ 2,136,576	$ Amt. of Loans Closed/Orig. Employee
36,745,389	29,250,710	26,407,240	34,557,388	43,848,317	35,938,800	36,161,169	$ Amt. of Loans Serv./Loan Admin. Empl.
303,554	267,679	357,827	564,599	728,308	537,968	534,566	Total Assets/Employees
94,732	66,472	83,380	97,948	124,613	92,803	96,864	Total Income/Employees
91,839	69,000	91,889	96,670	130,865	107,147	105,403	Total Expenses/Employees
$ 33,107	$ 29,811	$ 32,370	$ 32,820	$ 35,000	$ 34,584	$ 33,857	Personnel Expenses/Employees
							LIQUIDITY
0.034	0.048	0.053	0.020	0.021	0.024	0.025	Cash/Current Assets
0.029	0.024	0.027	0.009	0.095	0.000	0.027	Marketable Securities/Current Assets
0.097	0.089	0.165	0.093	0.078	0.114	0.102	Receivables/Current Assets
0.838	0.838	0.755	0.876	0.805	0.861	0.846	Inventory/Current Assets
0.003	0.000	0.001	0.002	0.000	0.000	0.000	Reverse Repurchase Agreements/ Current Assets
0.828	0.873	0.901	0.893	0.721	0.901	0.847	Current Assets/Current Liabilities
0.657	0.722	0.662	0.764	0.602	0.667	0.668	Current Assets/Total Assets
0.343	0.278	0.378	0.236	0.398	0.333	0.332	Noncurrent Assets/Total Assets
$ (2,316,000)	$ (2,991,000)	$ (5,111,000)	$(13,849,000)	$(67,918,000)	$(38,368,000)	$(17,564,000)	Current Assets-Current Liabilities
40	23	9	22	16	16	126	Number of Firms Reporting

SELECTED RATIOS — 1988

By Millions of Dollars of Mortgage Loans Serviced

Table 3.02

Under $200	$200 to $499.9	$500 to $999.9	$1,000 to $1,999.9	$2,000 to $4,999.9	$5,000 and Over	All Reporting Firms	Your Firm
0.320	0.239	0.332	0.434	0.428	0.372	0.390	
0.163	0.367	0.406	0.284	0.344	0.443	0.390	
0.376	0.341	0.223	0.238	0.174	0.160	0.182	
0.141	0.053	0.039	0.044	0.053	0.025	0.038	
0.470	0.481	0.367	0.354	0.340	0.291	0.321	
0.530	0.519	0.633	0.646	0.660	0.709	0.679	
0.206	0.156	0.222	0.325	0.285	0.273	0.276	
(0.297)	(0.141)	(0.255)	(0.038)	(0.038)	(0.104)	(0.088)	
(0.055)	0.026	(0.143)	0.066	0.046	(0.017)	0.005	
(0.095)	0.039	(0.298)	0.101	0.072	(0.023)	0.007	
(0.007)	0.008	(0.034)	0.013	0.009	(0.003)	0.001	
0.035	0.058	0.065	0.066	0.055	0.047	0.052	
6.741	3.546	7.819	7.466	8.258	6.584	7.104	
0.513	0.763	0.880	0.953	0.977	0.763	0.837	
13.134	4.651	8.887	7.831	8.454	8.624	8.484	
0.131	0.326	0.235	0.196	0.185	0.157	0.172	
46	33	36	55	55	73	61	
39	39	48	73	78	92	80	
64	0	0	20	7	1	5	
18	19	23	23	22	19	21	
254	469	501	490	640	687	633	
$ 1,338,667	$ 1,848,579	$ 1,926,286	$ 2,579,773	$ 2,151,320	$ 2,071,441	$ 2,136,776	
29,204,200	28,490,636	26,176,107	30,641,370	34,281,793	39,770,054	36,161,169	
254,886	193,000	284,486	535,749	556,189	584,571	534,566	
56,409	62,288	67,688	96,926	93,537	105,978	96,864	
73,136	71,096	84,972	100,631	97,137	116,956	105,408	
$ 34,409	$ 34,192	$ 31,147	$ 35,670	$ 32,986	$ 33,986	$ 33,857	
0.108	0.073	0.037	0.020	0.021	0.025	0.025	
0.002	0.009	0.050	0.008	0.003	0.048	0.027	
0.080	0.055	0.099	0.109	0.067	0.125	0.102	
0.808	0.855	0.815	0.861	0.909	0.803	0.846	
0.002	0.008	0.000	0.002	0.000	0.000	0.000	
1.095	1.117	0.829	0.961	0.877	0.793	0.847	
0.613	0.819	0.695	0.812	0.719	0.604	0.668	
0.388	0.181	0.305	0.188	0.281	0.396	0.332	
$ 594,000	$ 861,000	$ (4,440,000)	$ (3,572,000)	$(19,639,000)	$(72,590,000)	$(17,564,000)	
18	18	21	20	28	21	126	

TABLE 3.03

SELECTED RATIOS — 1988

By Percent of Income Property Loans Closed to Total Loans Closed

0% All Residential	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 100%	All Reporting Firms	
						PROFITABILITY
0.385	0.414	0.361	0.350	0.490	0.390	Total Interest Income/Total Income
0.398	0.312	0.419	0.526	0.251	0.390	Loan Admin. Income/Total Income
0.104	0.141	0.175	0.099	0.227	0.182	Loan Orig. Income/Total Income
0.023	0.134	0.045	0.026	0.032	0.038	All Other Income/Total Income
0.333	0.312	0.314	0.341	0.254	0.321	Personnel Expenses/Total Expenses
0.667	0.688	0.686	0.659	0.746	0.679	Nonpersonnel Expenses/Total Expenses
0.283	0.304	0.213	0.206	0.395	0.276	Interest Expenses/Total Expenses
(0.076)	(0.014)	(0.168)	(0.072)	(0.092)	(0.088)	Net Operating Income/Total Income
0.021	0.024	(0.045)	0.014	(0.024)	0.005	Net Income/Total Income
0.031	0.048	(0.057)	0.014	(0.047)	0.007	Net Income/Average Equity
0.003	0.005	(0.008)	0.003	(0.004)	0.001	Net Income/Average Assets
						LEVERAGE
0.050	0.061	0.045	0.041	0.082	0.052	Total Int. Exp./Avg. Total Liabilities
7.499	9.004	6.904	4.678	6.189	7.104	Debt/Average Equity
0.818	0.927	0.978	0.845	0.590	0.837	Debt/Average Assets
9.163	9.716	7.058	5.535	10.483	8.484	Average Assets/Average Equity
						ACTIVITY
0.163	0.200	0.179	0.186	0.190	0.172	Asset Turnover(Total Income/Avg. Assets)
69	55	59	65	28	61	Avg. Days in Inventory—All Loans
77	59	83	109	117	80	Avg. Days in Inventory—1- to 4-Unit Loans
0	78	16	2	1	5	Avg. Days in Inventory—Income Prop. Loans
22	20	22	14	10	21	Number of Loans Closed/Orig. Employee
678	582	550	647	663	633	Number of Loans Serv./Loan Admin. Empl.
$ 1,975,132	$ 1,653,867	$ 2,200,341	$ 1,932,646	$ 4,376,006	$ 2,136,576	$ Amt. of Loans Closed/Orig. Employee
36,676,095	29,201,429	32,266,266	36,580,224	62,656,161	36,161,169	$ Amt. of Loans Serv./Loan Admin. Empl.
527,074	515,249	548,282	521,260	572,613	534,566	Total Assets/Employees
92,153	99,736	90,547	94,306	163,143	96,864	Total Income/Employees
99,145	101,098	105,738	101,080	178,143	105,408	Total Expenses/Employees
$ 33,058	$ 31,506	$ 33,215	$ 34,444	$ 45,200	$ 33,857	Personnel Expenses/Employees
						LIQUIDITY
0.021	0.037	0.041	0.011	0.011	0.025	Cash/Current Assets
0.038	0.016	0.000	0.011	0.025	0.027	Marketable Securities/Current Assets
0.093	0.087	0.138	0.160	0.042	0.102	Receivables/Current Assets
0.847	0.860	0.820	0.817	0.923	0.846	Inventory/Current Assets
0.001	0.000	0.000	0.000	0.000	0.000	Reverse Repurchase Agreements/ Current Assets
0.826	0.910	0.762	1.695	0.788	0.847	Current Assets/Current Liabilities
0.680	0.773	0.598	0.630	0.693	0.668	Current Assets/Total Assets
0.320	0.227	0.402	0.370	0.307	0.332	Noncurrent Assets/Total Assets
$(18,299,000)	$ (7,641,000)	$(56,636,000)	$55,524,000	$(24,530,000)	$(17,564,000)	Current Assets-Current Liabilities
85	15	12	6	8	126	Number of Firms Reporting

SELECTED RATIOS — 1988

Table 3.04

By Percent of Income Property Loans Serviced to Total Loans Serviced

	0% All Residential	Less than 5%	5% to 14.9%	15% to 29.9%	30% to 100%	All Reporting Firms	Your Firm
	0.389	0.319	0.405	0.313	0.520	0.390	
	0.353	0.513	0.409	0.461	0.270	0.390	
	0.245	0.116	0.120	0.175	0.176	0.182	
	0.014	0.052	0.066	0.051	0.034	0.038	
	0.353	0.290	0.339	0.314	0.241	0.321	
	0.647	0.710	0.661	0.686	0.759	0.679	
	0.279	0.280	0.260	0.168	0.407	0.276	
	(0.113)	(0.074)	0.029	(0.221)	(0.084)	(0.088)	
	0.043	(0.097)	0.089	(0.106)	(0.024)	0.005	
	0.073	(0.116)	0.133	(0.102)	(0.050)	0.007	
	0.007	(0.015)	0.018	(0.018)	(0.004)	0.001	
	0.051	0.048	0.050	0.034	0.080	0.052	
	7.787	7.068	6.961	5.421	8.703	7.104	
	0.752	0.943	0.931	0.941	0.740	0.837	
	10.351	7.496	7.475	5.763	11.758	8.484	
	0.164	0.159	0.200	0.166	0.181	0.172	
	65	78	53	71	36	61	
	70	112	71	99	105	80	
	85	5	7	5	0	5	
	23	21	21	20	13	21	
	652	753	621	529	615	633	
	$ 2,102,506	$ 1,845,646	$ 1,952,769	$ 1,963,700	$ 3,299,590	$ 2,136,576	
	37,010,698	38,114,819	31,248,710	30,737,346	55,352,594	36,161,169	
	451,939	696,890	522,341	555,812	676,960	534,566	
	86,793	102,696	98,166	85,955	151,027	96,864	
	96,622	110,289	95,291	104,981	163,673	105,408	
	$ 34,146	$ 31,947	$ 32,274	$ 32,991	$ 39,460	$ 33,857	
	0.021	0.027	0.033	0.035	0.011	0.025	
	0.003	0.157	0.008	0.002	0.013	0.027	
	0.106	0.089	0.110	0.141	0.045	0.102	
	0.870	0.727	0.849	0.823	0.931	0.846	
	0.001	0.000	0.000	0.000	0.000	0.000	
	0.890	0.713	0.955	0.805	0.785	0.847	
	0.742	0.552	0.675	0.581	0.714	0.668	
	0.258	0.448	0.325	0.419	0.286	0.332	
	$(10,200,000)	$(40,838,000)	$(4,969,000)	$(33,213,000)	$(29,900,000)	$(17,564,000)	
	60	17	24	12	13	126	

TABLE 3.05

SELECTED RATIOS — 1988
By Type of Ownership

Bank Holding Company Controlled	S & L Subsidiary	Privately Held	All Others	All Reporting Firms	
					PROFITABILITY
0.459	0.312	0.297	0.333	0.390	Total Interest Income/Total Income
0.367	0.508	0.340	0.401	0.390	Loan Admin. Income/Total Income
0.149	0.138	0.278	0.222	0.182	Loan Orig. Income/Total Income
0.025	0.041	0.084	0.044	0.038	All Other Income/Total Income
0.292	0.369	0.406	0.325	0.321	Personnel Expenses/Total Expenses
0.708	0.631	0.594	0.675	0.679	Nonpersonnel Expenses/Total Expenses
0.342	0.210	0.233	0.220	0.276	Interest Expenses/Total Expenses
(0.018)	(0.094)	(0.144)	(0.179)	(0.088)	Net Operating Income/Total Income
0.041	(0.065)	(0.073)	(0.010)	0.005	Net Income/Total Income
0.076	(0.075)	(0.155)	(0.011)	0.007	Net Income/Average Equity
0.007	(0.012)	(0.017)	(0.002)	0.001	Net Income/Average Assets
					LEVERAGE
0.058	0.041	0.062	0.044	0.052	Total Int. Exp./Avg. Total Liabilities
9.027	5.993	8.055	5.535	7.104	Debt/Average Equity
0.814	0.926	0.878	0.841	0.837	Debt/Average Assets
11.090	6.474	9.176	6.584	8.484	Average Assets/Average Equity
					ACTIVITY
0.165	0.179	0.233	0.169	0.172	Asset Turnover(Total Income/Avg. Assets)
54	84	54	67	61	Avg. Days in Inventory—All Loans
84	104	59	74	80	Avg. Days in Inventory—1- to 4-Unit Loans
7	0	19	0	5	Avg. Days in Inventory—Income Prop. Loans
21	22	19	21	21	Number of Loans Closed/Orig. Employee
630	746	556	622	633	Number of Loans Serv./Loan Admin. Empl.
$ 2,409,144	$ 1,654,747	$ 1,839,394	$ 2,017,527	$ 2,136,576	$ Amt. of Loans Closed/Orig. Employee
35,515,978	36,853,250	36,561,292	37,327,164	36,161,169	$ Amt. of Loans Serv./Loan Admin. Empl.
595,065	462,325	315,570	547,239	534,566	Total Assets/Employees
109,399	76,098	74,758	94,310	96,864	Total Income/Employees
111,334	83,251	85,516	111,183	105,408	Total Expenses/Employees
$ 32,488	$ 30,753	$ 34,734	$ 36,109	$ 33,857	Personnel Expenses/Employees
					LIQUIDITY
0.018	0.037	0.028	0.031	0.025	Cash/Current Assets
0.004	0.007	0.014	0.073	0.027	Marketable Securities/Current Assets
0.077	0.117	0.103	0.135	0.102	Receivables/Current Assets
0.902	0.839	0.851	0.761	0.846	Inventory/Current Assets
0.000	0.000	0.005	0.000	0.000	Reverse Repurchase Agreements/ Current Assets
0.847	0.880	1.083	0.792	0.847	Current Assets/Current Liabilities
0.674	0.712	0.845	0.612	0.668	Current Assets/Total Assets
0.326	0.288	0.155	0.388	0.332	Noncurrent Assets/Total Assets
$(21,320,000)	$(11,397,000)	$2,612,000	$(34,737,000)	$(17,564,000)	Current Assets-Current Liabilities
51	17	29	29	126	Number of Firms Reporting

SELECTED RATIOS — 1988

By Percent of Purchased Production to Total Production

Table 3.06

0% All In-House	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Purchased Production	All Reporting Firms	Your Firm
0.332	0.354	0.287	0.493	0.372	*	0.390	
0.335	0.340	0.470	0.328	0.465	*	0.390	
0.288	0.261	0.175	0.162	0.120	*	0.182	
0.045	0.045	0.067	0.016	0.043	*	0.038	
0.372	0.359	0.433	0.288	0.285	*	0.321	
0.628	0.641	0.567	0.712	0.715	*	0.679	
0.236	0.247	0.165	0.365	0.258	*	0.276	
(0.103)	(0.194)	(0.026)	(0.047)	(0.055)	*	(0.088)	
0.039	(0.059)	0.058	0.074	(0.003)	*	0.005	
0.061	(0.108)	0.112	0.135	(0.003)	*	0.007	
0.008	(0.011)	0.016	0.011	0.000	*	0.001	
0.055	0.055	0.048	0.056	0.045	*	0.052	
5.182	9.463	5.760	9.158	5.544	*	7.104	
0.719	0.964	0.847	0.737	0.860	*	0.837	
7.208	9.820	6.797	12.427	6.448	*	8.484	
0.213	0.186	0.284	0.146	0.167	*	0.172	
30	55	46	65	90	*	61	
46	68	54	67	145	*	80	
0	14	8	0	3	*	5	
25	25	18	24	14	*	21	
542	575	543	632	721	*	633	
$ 2,986,848	$ 2,471,700	$ 1,654,202	$ 2,120,016	$ 1,615,814	*	$ 2,136,576	
38,322,167	32,939,554	25,424,086	37,422,707	39,673,904	*	36,161,169	
358,340	478,154	235,891	617,336	646,232	*	534,566	
87,794	84,147	66,903	110,614	107,634	*	96,864	
96,835	100,510	68,626	115,857	113,522	*	105,408	
$ 36,052	$ 36,054	$ 29,714	$ 33,388	$ 32,404	*	$ 33,857	
0.053	0.018	0.033	0.022	0.022	*	0.025	
0.007	0.002	0.033	0.003	0.077	*	0.027	
0.091	0.119	0.113	0.110	0.077	*	0.102	
0.842	0.860	0.821	0.864	0.823	*	0.846	
0.006	0.000	0.000	0.000	0.000	*	0.000	
0.965	0.907	1.112	0.797	0.793	*	0.847	
0.713	0.772	0.792	0.706	0.553	*	0.668	
0.287	0.228	0.208	0.294	0.447	*	0.332	
$ (892,000)	$(11,829,000)	$ 4,473,000	$(40,375,000)	$(39,419,000)	*	$ (17,564,000)	
35	30	14	22	24	*	126	

*Data not shown due to an insufficient number of reporters.

SELECTED CHARACTERISTICS — 1988

Table		Page
4.01	By Millions of Dollars of Total Mortgage Loans Closed (In-House and Purchased)	42
4.02	By Millions of Dollars of Mortgage Loans Serviced	43
4.03	By Percent of Income Property Loans Closed to Total Loans Closed	44
4.04	By Percent of Income Property Loans Serviced to Total Loans Serviced	45
4.05	By Type of Ownership	46
4.06	By Percent of Purchased Production to Total Production	47

TABLE 4.01

SELECTED CHARACTERISTICS 1988 — AVERAGE FIRM

By Millions of Dollars of Total Mortgage Loans Closed (In-House and Purchased)

Under $100	$100 to $199.9	$200 to $299.9	$300 to $499.9	$500 to $999.9	$1,000 and Over	All Reporting Firms	
			(Dollars in Thousands)				
$661,417	$906,772	$1,320,362	$2,764,591	$5,261,798	$9,164,394	$2,784,410	Total Servicing Portfolio
3,465	9,855	5,845	22,863	52,423	95,113	26,043	Escrow Funds
36,941	101,043	228,222	290,566	377,192	1,287,628	308,613	1- to 4-Unit Mortgage Loans Closed (In-House)
38,497	11,369	1,284	66,883	87,462	122,168	52,686	Income Property Loans Closed (In-House)
8,432	35,363	16,778	83,152	270,393	729,574	151,829	1- to 4-Unit Purchased Production
$ 144	$ 355	$ 0	$ 0	$ 4,770	$ 693	$ 804	Income Property Purchased Production
			(Number of Loans)				
							Number of Loans Serviced
9,879	17,156	28,482	50,406	84,632	160,131	48,184	1- to 4-Unit Mortgage Loans
70	230	46	509	601	422	286	Income Property Loans
							Number of Loans Closed
540	1,396	2,742	3,558	4,393	14,764	3,676	1- to 4-Unit Mortgage Loans (In-House)
6	12	1	16	13	21	11	Income Property Loans (In-House)
137	326	237	989	2,385	9,308	1,777	1- to 4-Unit Purchased Production
0	4	0	0	1	1	1	Income Property Purchased Production
5	7	13	15	20	85	16	No. of Offices—Beginning
4	7	12	15	20	47	14	No. of Offices—End
40	23	9	22	16	16	126	Number of Firms Reporting

SELECTED CHARACTERISTICS 1988 — AVERAGE FIRM

By Millions of Dollars of Mortgage Loans Serviced

Table 4.02

	Under $200	$200 to $499.9	$500 to $999.9	$1,000 to $1,999.9	$2,000 to $4,999.9	$5,000 and Over	All Reporting Firms	Your Firm
				(Dollars in Thousands)				
	$146,021	$313,397	$732,931	$1,409,503	$2,982,516	$10,260,674	$2,784,410	_____
	619	2,846	6,390	8,522	30,098	98,651	26,043	_____
	46,043	63,454	114,986	298,062	408,735	813,987	308,613	_____
	260	4,006	5,038	52,285	52,589	187,508	52,686	_____
	15,828	21,828	20,570	47,561	133,289	635,113	151,829	_____
	$ 206	$ 57	$ 164	$ 288	$ 3,122	$ 0	$ 804	_____
				(Number of Loans)				
	1,227	5,116	13,880	22,366	54,304	176,082	48,184	_____
	6	21	93	140	477	833	- 286	_____
	615	718	1,576	3,444	5,098	9,260	3,676	_____
	1	1	3	10	16	31	11	_____
	116	313	245	520	1,378	7,719	1,777	_____
	3	2	0	0	1	0	1	_____
	3	4	8	11	21	41	16	_____
	3	4	8	11	20	36	14	_____
	18	18	21	20	28	21	126	

TABLE 4.03

SELECTED CHARACTERISTICS 1988 — AVERAGE FIRM

By Percent of Income Property Loans Closed to Total Loans Closed

0% All Residential	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 100%	All Reporting Firms	
		(Dollars in Thousands)				
$2,310,594	$1,430,870	$5,711,129	$5,560,194	$3,884,682	$2,784,410	Total Servicing Portfolio
25,844	7,999	37,370	76,305	7,297	26,043	Escrow Funds
308,404	182,748	574,137	294,701	158,974	306,613	1- to 4-Unit Mortgage Loans Closed (In-House)
0	7,579	114,650	201,801	492,265	52,686	Income Property Loans Closed (In-House)
145,411	49,432	297,047	308,358	76,791	151,829	1- to 4-Unit Purchased Production
$ 910	$ 477	$ 924	$ 0	$ 720	$ 804	Income Property Purchased Production
		(Number of Loans)				
						Number of Loans Serviced
42,341	28,230	95,954	96,637	39,693	48,184	1- to 4-Unit Mortgage Loans
135	173	712	722	1,141	286	Income Property Loans
						Number of Loans Closed
3,578	2,371	7,462	3,594	1,551	3,676	1- to 4-Unit Mortgage Loans (In-House)
0	6	45	30	73	11	Income Property Loans (In-House)
1,787	557	3,259	3,857	175	1,777	1- to 4-Unit Purchased Production
1	3	1	0	0	1	Income Property Purchased Production
14	12	29	24	10	16	No. of Offices—Beginning
14	10	23	18	10	14	No. of Offices—End
85	15	12	6	8	126	Number of Firms Reporting

SELECTED CHARACTERISTICS 1988 — AVERAGE FIRM

By Percent of Income Property Loans Serviced to Total Loans Serviced

Table 4.04

	0% All Residential	Less than 5%	5% to 14.9%	15% to 29.9%	30% to 100%	All Reporting Firms	Your Firm
			(Dollars in Thousands)				
	$1,961,567	$3,582,793	$2,906,130	$4,702,814	$3,542,566	$2,784,410	_____
	21,450	37,270	31,928	31,745	16,431	26,043	_____
	352,501	232,473	292,480	392,913	157,584	308,613	_____
	3,634	3,291	61,109	61,421	320,059	52,686	_____
	147,955	149,250	122,185	293,342	97,182	151,829	_____
	$ 0	$ 218	$ 186	$ 7,284	$ 443	$ 804	_____
			(Number of Loans)				
	34,456	69,421	56,995	79,882	38,251	48,184	_____
	0	172	423	904	935	286	_____
	3,973	2,980	3,711	5,061	1,870	3,676	_____
	1	7	16	20	48	11	_____
	1,849	1,439	1,598	3,267	847	1,777	_____
	0	3	1	3	0	1	_____
	16	13	18	20	9	16	_____
	15	13	15	19	10	14	_____
	60	17	24	12	13	126	

TABLE 4.05

SELECTED CHARACTERISTICS 1988 — AVERAGE FIRM
By Type of Ownership

Bank Holding Company Controlled	S & L Subsidiary	Privately Held	All Others	All Reporting Firms	Income Statement Account
		(Dollars in Thousands)			
$3,160,922	$2,653,434	$877,471	$4,105,988	$2,784,410	Total Servicing Portfolio
27,041	60,273	3,598	26,667	26,043	Escrow Funds
312,339	241,281	160,080	487,062	308,613	1- to 4-Unit Mortgage Loans Closed (In-House)
96,883	7,919	4,550	49,338	52,686	Income Property Loans Closed (In-House)
152,952	214,046	13,119	252,091	151,829	1- to 4-Unit Purchased Production
$ 351	$ 4,692	$ 0	$ 128	$ 804	Income Property Purchased Production
		(Number of Loans)			
					Number of Loans Serviced
55,078	53,182	13,175	68,141	48,184	1- to 4-Unit Mortgage Loans
449	346	19	233	286	Income Property Loans
					Number of Loans Closed
3,804	3,253	1,796	5,578	3,676	1- to 4-Unit Mortgage Loans (In-House)
17	11	2	9	11	Income Property Loans (In-House)
1,886	2,282	163	2,904	1,777	1- to 4-Unit Purchased Production
1	1	0	2	1	Income Property Purchased Production
17	14	8	23	16	No. of Offices—Beginning
16	13	7	20	14	No. of Offices—End
51	17	29	29	126	Number of Firms Reporting

SELECTED CHARACTERISTIC 1988 — AVERAGE FIRM

By Percent of Purchased Production to Total Production

Table 4.06

	0% All In-House	Less than 10%	10% to 24.9%	25% to 49.9%	50% to 99.9%	100% Purchased Production	All Reporting Firms	Your Firm
				(Dollars in Thousands)				
	$919,732	$2,437,527	$1,779,686	$3,442,889	$5,792,390	*	$2,784,410	_____
	4,374	18,103	20,627	29,002	65,165	*	26,043	_____
	114,609	468,506	225,514	484,437	291,828	*	308,613	_____
	44,110	60,080	42,580	18,694	95,198	*	52,686	_____
	0	15,911	49,982	255,428	483,752	*	151,829	_____
	$ 165	$ 0	$ 246	$ 3,469	$ 659	*	$ 804	_____
				(Number of Loans)				
	12,663	41,689	37,066	57,869	104,571	*	48,184	_____
	123	285	280	241	573	*	286	_____
	1,418	5,394	2,901	5,689	3,581	*	3,676	_____
	13	14	8	3	15	*	11	_____
	0	180	601	3,403	5,637	*	1,777	_____
	0	0	0	1	4	*	1	_____
	7	17	13	25	19	*	16	_____
	6	17	13	22	18	*	14	_____
	35	30	14	22	24	*	126	

*Data not shown due to an insufficient number of reporters.

MORTGAGE BANKING HISTORICAL TRENDS, 1982-1988

Table		Page
5.01	Income Statement, Average Firm	50
5.02	Balance Sheet, Average Firm	51
5.03	Selected Ratios, Average Firm	52
5.04	Selected Characteristics, Average Firm	53

TABLE 5.01

INCOME STATEMENT — AVERAGE FIRM
Historical Trends

	1988 Average Firm	1987 Average Firm	1986 Average Firm	1985 Average Firm	1984 Average Firm	1983 Average Firm	1982 Average Firm
	(Dollars in Thousands)						
INCOME:							
Loan Administration							
Servicing Fees							
Servicing Fees—1st Mtg. Loans	$ 9,493	$ 7,419	$ 5,805	$ 5,178	$ 4,395	$ 3,513	$ 2,865
Servicing Fees—Non-1st Mtg. Loans	33	163	39	35	21	18	48
Amortization of Excess Servicing	(515)	NA	NA	NA	NA	NA	NA
Other Loan Administration Income	1,264	984	919	859	845	554	491
Loan Administration Income	**10,275**	**8,566**	**6,763**	**6,072**	**5,261**	**4,085**	**3,404**
Loan Origination							
Loan Origination Fees	3,544	4,107	4,376	2,789	2,304	2,258	1,420
Net Gain or (Loss) on Mtgs. Sold	308	1,401	3,493	866	674	800	660
Other Loan Origination Income	951	1,199	1,052	842	584	907	528
Loan Origination Income	**4,803**	**6,707**	**8,921**	**4,497**	**3,562**	**3,965**	**2,608**
Interest							
Inventory of First Mortgages	7,759	8,132	7,748	4,521	3,722	4,007	2,313
1- to 4-Unit Residential	7,580	NA	NA	NA	NA	NA	NA
Income Property	179	NA	NA	NA	NA	NA	NA
Other Interest Income	2,519	2,856	4,055	3,245	2,750	2,237	2,612
Interest Income	**10,278**	**10,988**	**11,803**	**7,766**	**6,472**	**6,244**	**4,925**
Other							
Net Gain (Loss) on Sale of REO	(104)	(251)	(161)	(100)	(147)	(29)	(28)
Net Gain (Loss) on Securities Held	(25)	NA	NA	NA	NA	NA	NA
Property Management Fees and Real Estate Commissions	211	139	122	222	228	279	234
All Other Operating Income	909	1,602	1,237	1,125	1,069	666	704
Other income	**991**	**1,490**	**1,198**	**1,247**	**1,150**	**916**	**910**
TOTAL INCOME	**26,347**	**27,751**	**28,684**	**19,583**	**16,445**	**15,208**	**11,847**
EXPENSES:							
Personnel							
Loan Administration	1,477	1,547	1,207	983	934	852	657
Loan Origination (In-House)	2,639	3,584	4,353	2,655	2,149	1,925	1,160
Loan Production Officers	1,592	1,139	NA	NA	NA	NA	NA
Purchased Production	116	NA	NA	NA	NA	NA	NA
Warehousing/Marketing	416	422	NA	NA	NA	NA	NA
Management & Directors	530	484	418	399	360	391	285
All Other Personnel	1,059	796	1,005	770	642	455	427
Total Direct Compensation	7,829	7,972	6,981	4,807	4,085	3,623	2,529
Employee Fringe Benefits	1,327	1,159	946	770	685	556	389
Education & Training	53	38	NA	NA	NA	NA	NA
Total Personnel Expenses	**9,209**	**9,169**	**7,927**	**5,577**	**4,770**	**4,179**	**2,918**
Nonpersonnel							
Interest Expense							
Inventory of First Mortgages	5,590	NA	NA	NA	NA	NA	NA
1- to 4-Unit Residential	5,477	NA	NA	NA	NA	NA	NA
Income Property	113	NA	NA	NA	NA	NA	NA
Other Interest Expense	2,322	NA	NA	NA	NA	NA	NA
Total Interest Expense	7,912	8,240	8,458	5,402	4,741	4,120	3,914
Occupancy	1,320	1,145	794	648	547	428	331
Electronic Data Processing	745	729	549	416	333	250	236
Other Equipment Rental	298	356	294	211	189	139	99
Loan Processing	494	444	209	262	179	130	96
Brokerage Commissions	46	107	197	190	124	152	107
Hedging Fees	169	455	398	267	226	145	217
Corporate Interest Losses on MBS Pools	128	NA	NA	NA	NA	NA	NA
Servicing Expenses—Foreclosures & REO	453	708	NA	NA	NA	NA	NA
Provision for Loan Losses	879	1,045	878	590	323	166	124
Provision for Other Losses	162	NA	NA	NA	NA	NA	NA
Amortization of Purchased Servicing	2,302	2,016	1,385	1,141	663	512	396
Real Estate and Property Management	9	49	102	111	88	29	27
All Other Operating Expenses	4,545	3,967	3,764	2,469	2,065	1,828	1,277
Total Nonpersonnel Expenses	**19,462**	**19,261**	**17,028**	**11,708**	**9,479**	**7,899**	**6,831**
TOTAL EXPENSES	**28,671**	**28,430**	**25,086**	**17,377**	**14,349**	**12,212**	**9,816**
Net Operating Income	**(2,324)**	**(680)**	**3,596**	**2,205**	**2,097**	**2,996**	**2,031**
Net Gain (Loss) on Sales of Servicing & Net Nonrecurring Items	**2,929**	**2,123**	**109**	**278**	**206**	**43**	**47**
Net Gain (Loss) on Sales of Servicing	**3,147**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Net Nonrecurring Gain (Loss)	**(218)**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Taxes on Income	**485**	**577**	**1,682**	**1,133**	**982**	**1,328**	**870**
NET INCOME	**120**	**866**	**2,023**	**1,350**	**1,321**	**1,710**	**1,207**
Number of Firms Reporting	126	173	180	163	177	167	160

For purposes of comparison with prior years' data, 1988 income and costs are reported on a pre-FASB Statement 91 basis.

NA = Not Available.

BALANCE SHEET — AVERAGE FIRM

Historical Trends

TABLE 5.02

	1988 Average Firm	1987 Average Firm	1986 Average Firm	1985 Average Firm	1984 Average Firm	1983 Average Firm	1982 Average Firm
	(Dollars in Thousands)						
ASSETS:							
Cash (Except Escrows & Other Fiduciary Funds)	$ 2,435	$ 2,244	$ 2,496	$ 1,440	$ 1,416	$ 1,440	$ 1,217
Marketable Securities, At Cost	2,584	4,312	4,062	2,134	1,468	499	550
Receivables	9,891	7,972	8,251	5,584	4,826	3,159	2,288
Inventory:							
First Mortgages, Principal Balances	69,171	54,653	85,994	44,670	32,676	34,400	26,780
1- to 4-Unit Residential	68,197	NA	NA	NA	NA	NA	NA
Income Property	775	NA	NA	NA	NA	NA	NA
Other First Mortgages	200	NA	NA	NA	NA	NA	NA
Deferred Fees & Costs	(2)	(11)	NA	NA	NA	NA	NA
Discount on Loans	1,103	679	941	695	753	1,072	722
First Mortgages, At Cost	68,066	53,963	85,053	43,975	31,923	33,328	26,058
Land & Development Loans, Disbursed	1,795	1,284	1,755	1,635	1,660	843	1,869
Construction Loans, Disbursed	11,974	13,993	20,508	22,340	13,731	12,394	11,790
Second Mortgage Loans	10	14	22	305	174	5	243
Other Loans in Inventory	355	1,053	4,752	5,961	1,988	2,756	2,471
Total Inventory	82,200	70,307	112,090	74,216	49,476	49,326	42,431
Other Current Assets *	**44**	**3,950**	**2,082**	**3,305**	**3,489**	**1,875**	**1,722**
Current Assets	**97,154**	**88,785**	**128,981**	**86,679**	**60,675**	**56,299**	**48,208**
Prop., Equip., & Leasehold Improvements (Net)	2,580	2,221	2,648	2,280	1,932	1,616	1,167
Other Real Estate Investments	426	276	235	306	196	223	197
Noninterest Earning Loans	3,530	1,396	1,161	702	491	399	517
Real Estate Acquired Through Foreclosure	2,926	2,345	2,603	1,716	1,076	847	832
Other Noncurrent Assets	38,785	42,307	32,745	17,272	11,372	7,996	6,126
Purchased Servicing (Net of Amort.)	18,862	15,706	9,673	NA	NA	NA	NA
Excess Servicing (Net of Amort.)	3,092	3,229	NA	NA	NA	NA	NA
Goodwill (Net of Amort.)	1,862	1,604	NA	NA	NA	NA	NA
First Mortgages Held for Investment	7,908	NA	NA	NA	NA	NA	NA
Securities Held for Investment	2,496	NA	NA	NA	NA	NA	NA
Allowance for Losses (Contra)	(945)	NA	NA	NA	NA	NA	NA
All Other Noncurrent Assets	5,510	NA	NA	NA	NA	NA	NA
Noncurrent Assets	**48,247**	**48,544**	**39,395**	**22,278**	**15,065**	**11,080**	**8,838**
TOTAL ASSETS	**145,402**	**137,329**	**168,376**	**108,957**	**75,740**	**67,379**	**57,046**
LIABILITIES & NET WORTH:							
Lines of Credit	96,232	87,477	120,232	79,898	53,035	49,384	42,888
Short-Term Notes Payable to Others	7,149	3,854	1,450	1,974	1,657	941	1,580
Accrued Expenses	2,016	3,294	5,685	1,919	1,723	1,909	1,272
Other Current Liabilities	9,321	5,848	7,520	5,166	4,293	3,261	2,305
Current Liabilities	**114,718**	**100,473**	**134,887**	**88,957**	**60,708**	**55,495**	**48,045**
Long-Term Secured Debt	10,511	NA	NA	NA	NA	NA	NA
Long-Term Subordinated Debt	1,319	NA	NA	NA	NA	NA	NA
Other Long-Term Liabilities	1,704	NA	NA	NA	NA	NA	NA
Noncurrent Liabilities	**13,534**	**20,190**	**17,734**	**6,614**	**4,646**	**3,703**	**1,974**
TOTAL LIABILITIES	**128,251**	**120,663**	**152,621**	**95,571**	**65,354**	**59,198**	**50,019**
Common & Preferred Stock	613	991	624	468	601	638	621
Paid-In Capital	11,966	11,719	9,128	7,941	4,443	2,989	2,889
Retained Earnings	4,716	3,956	6,003	4,976	5,342	4,554	3,516
Treasury Stock	(144)	NA	NA	NA	NA	NA	NA
TOTAL EQUITY	**17,151**	**16,666**	**15,755**	**13,385**	**10,386**	**8,181**	**7,026**
TOTAL LIABILITIES & EQUITY	**145,402**	**137,329**	**168,376**	**108,957**	**75,740**	**67,379**	**57,046**
Number of Firms Reporting	126	173	180	163	177	167	160

For purposes of comparison with prior years' data, the 1988 balance sheet is reported on a pre-FASB Statement 91 basis.

* For 1988, Other Current Assets consisted only of Reverse Repurchase Agreements.

NA = Not Available.

TABLE 5.03

SELECTED RATIOS — AVERAGE FIRM
Historical Trends

	1988 Average Firm	1987 Average Firm	1986 Average Firm	1985 Average Firm	1984 Average Firm	1983 Average Firm	1982 Average Firm
PROFITABILITY							
Total Interest Income/Total Income	0.390	0.396	0.411	0.397	0.394	0.411	0.416
Loan Admin. Income/Total Income	0.390	0.309	0.236	0.310	0.320	0.269	0.287
Loan Orig. Income/Total Income	0.182	0.242	0.311	0.230	0.217	0.261	0.220
All Other Income/Total Income	0.038	0.053	0.042	0.064	0.070	0.060	0.077
Personnel Expenses/Total Expenses	0.321	0.323	0.321	0.326	0.339	0.353	0.304
Nonpersonnel Expenses/Total Expenses	0.679	0.678	0.679	0.674	0.661	0.647	0.696
Interest Expenses/Total Expenses	0.276	0.290	0.337	0.311	0.330	0.337	0.399
Net Operating Income/Total Income	(0.088)	(0.025)	0.125	0.113	0.128	0.197	0.171
Net Income/Net Operating Income	NC	NC	0.563	0.612	0.630	0.571	0.594
Net Income/Total Income	0.005	0.031	0.071	0.069	0.080	0.112	0.102
Net Income/Average Equity	0.007	0.054	0.140	0.112	0.133	0.169	0.189
Net Income/Average Assets	0.001	0.006	0.014	0.014	0.019	0.024	0.024
LEVERAGE							
Total Int. Exp./Avg. Total Liabilities	0.052	0.055	0.059	0.056	0.067	0.057	0.078
Debt/Average Equity	7.104	7.477	10.561	7.909	6.569	5.852	7.838
Debt/Average Assets	0.837	0.813	1.072	0.998	0.923	0.826	0.998
Average Assets/Average Equity	8.484	9.202	9.852	7.925	7.114	7.085	7.856
ACTIVITY							
Asset Turnover (Total Income/Avg. Assets)	0.172	0.187	0.201	0.204	0.232	0.212	0.236
Avg. Days in Inventory—All Loans	61	61	59	50	51	45	62
Avg. Days in Inventory—1- to 4-Unit Loans	80	53	82	74	68	58	62
Avg. Days in Inventory—Income Prop. Loans	5	9	12	8	7	13	20
Number of Loans Closed/Orig. Employee	21	33	34	32	31	42	33
Number of Loans Serv./Loan Admin. Empl.	633	543	533	579	561	518	546
$ Amt. of Loans Closed/Orig. Employee	$ 2,136,576	$ 2,242,957	$ 2,940,102	$ 2,813,535	$ 2,590,024	$ 3,208,795	$ 2,305,865
$ Amt. of Loans Serv./Loan Admin. Empl.	36,161,169	30,278,873	26,809,072	26,966,758	23,514,526	21,723,377	20,689,489
Total Assets/Employees	534,566	499,378	625,933	502,106	411,630	396,347	425,716
Total Income/Employees	96,864	100,913	106,632	90,244	89,380	89,459	88,410
Total Expenses/Employees	105,408	103,382	93,264	80,078	77,984	71,835	73,254
Personnel Expenses/Employees	$ 33,857	$ 33,342	$ 29,856	$ 26,009	$ 26,330	$ 25,228	$ 22,389
LIQUIDITY							
Cash/Current Assets	0.025	0.025	0.019	0.017	0.023	0.026	0.025
Marketable Securities/Current Assets	0.027	0.049	0.031	0.025	0.024	0.009	0.011
Receivables/Current Assets	0.102	0.090	0.064	0.064	0.080	0.056	0.047
Inventory/Current Assets	0.846	0.792	0.869	0.856	0.815	0.876	0.880
Other Current Assets/Current Assets *	NC	0.044	0.016	0.038	0.058	0.033	0.036
Current Assets/Current Liabilities	0.847	0.884	0.956	0.974	0.999	1.014	1.003
Current Assets/Total Assets	0.668	0.647	0.766	0.796	0.801	0.836	0.845
Noncurrent Assets/Total Assets	0.332	0.353	0.234	0.204	0.199	0.164	0.155
Current Assets-Current Liabilities	$(17,564,000)	$(11,688,000)	$ (5,906,000)	$ (2,278,000)	$ (33,000)	$ 804,000	$ 163,000
Number of Firms Reporting	126	173	180	163	177	167	160

* For 1988, Other Current Assets consisted only of Reverse Repurchase Agreements.

NC = Not Calculated.

SELECTED CHARACTERISTICS — AVERAGE FIRM

Historical Trends

TABLE 5.04

	1988 Average Firm	1987 Average Firm	1986 Average Firm	1985 Average Firm	1984 Average Firm	1983 Average Firm	1982 Average Firm
	(Dollars in Thousands)						
Total Servicing Portfolio	$2,784,410	$2,392,031	$1,849,826	$1,671,939	$1,340,328	$1,151,339	$972,406
Escrow Funds	26,043	83,902	22,370	19,515	12,907	10,367	17,960
Servicing Escrows	NC	80,511	19,219	15,166	12,172	9,982	10,978
Other Escrows & Fiduciary Funds	NC	3,391	3,151	4,349	735	385	6,982
1- to 4-Unit Mortgage Loans Closed (In-House)	308,613	358,194	363,830	201,782	162,516	197,323	89,033
Income Property Loans Closed (In-House)	52,686	55,014	64,266	70,377	47,517	34,968	22,220
1- to 4-Unit Purchased Production	151,829	183,723	168,576	NC	NC	NC	NC
Income Property Purchased Production	$ 804	$ 11,456	$ 7,917	NC	NC	NC	NC
	(Number of Loans)						
Number of Loans Serviced							
1- to 4-Unit Mortgage Loans	48,184	42,370	36,327	35,150	31,438	26,970	25,071
Income Property Loans	286	285	273	323	265	225	236
Number of Loans Closed							
1- to 4-Unit Mortgage Loans(In-House)	3,676	4,472	4,951	2,962	2,490	3,162	1,599
Income Property Loans (In-House)	11	15	27	24	18	38	9
1- to 4-Unit Purchased Production	1,777	2,594	2,467	NC	NC	NC	NC
Income Property Purchased Production	1	12	6	NC	NC	NC	NC
No. of Offices—Beginning	16	13	10	10	10	7	7
No. of Offices—End	14	13	12	11	10	9	7
Number of Firms Reporting	126	173	180	163	177	167	160

NC = Not Calculated.

Mortgage Bankers Association of America

1988
MORTGAGE BANKING
FINANCIAL STATEMENTS
SURVEY

This survey has provided valuable information on the mortgage banking industry for the past 23 years. To continue that performance, please report, regardless of whether your firm had a good or bad year and regardless of the size of your firm; we need consistent reporting to reflect accurately conditions in our industry.

This year's survey questionnaire has been revised significantly to capture more accurately and consistently mortgage banking financial information; to incorporate changes to accounting rules; and, to conform closely to a standard financial report currently being developed by the secondary market agencies (Fannie Mae, Freddie Mac and the Government National Mortgage Association). The attached set of instructions, which have been greatly expanded this year, will assist you in completing the survey form. In order to ensure consistent reporting, please refer to these instructions and complete the items as accurately as possible. *If the requested information for a specific item(s) is not available, please respond by inserting NA (not available) for that item(s) rather than leaving the item blank.* This will help us when tabulating the responses and will enhance the accuracy of the results.

PLEASE RETURN THE COMPLETED SURVEY FORM BY JUNE 1, 1989.

SAMPLE

RETURN ORIGINAL TO:
Economics Department
Mortgage Bankers Association of America
1125 Fifteenth Street, N.W.
Washington, D.C. 20005

FOR SURVEY INFORMATION, CALL:
Laura R. Gorman
(202) 861-6591

FORM COMPLETED BY: _____
(Name, please print)

_____
(Department & Telephone Number, Including Area Code)

Confidential
MBA ED 4

MORTGAGE BANKING BALANCE SHEET

IDENTIFICATION CODE

For Year Ended December 31, 1988 or _____

Line Item	Title of Account	1988 $ Amount in Thousands	DO NOT USE
	ASSETS		
1	Cash	$	
2	Marketable Securities		
3	Reverse Repurchase Agreements		
4	Receivables From Unrelated Parties		
	Loans Held For Sale, Principal Balance:		
	First Mortgage Loans:		
5	1- to 4-Family Residential Mortgages		
6	Income Property Loans		
7	Other First Mortgage Loans		
8	Total First Mortgage Loans		
9	Second Mortgage Loans		
10	Total Loans Held For Sale, Principal Balance		
11	Discount On Loans		
12	Deferred Fees And Costs On Loans		
13	Loans Held For Sale, At Cost		
14	Mortgage-Backed Securities		
15	Securities Held For Investment		
	Loans Held For Investment:		
	First Mortgage Loans:		
16	1- to 4-Family Residential Mortgages		
17	Income Property Loans		
18	Other First Mortgage Loans		
19	Total First Mortgage Loans		
20	Second Mortgage Loans		
21	Construction Loans, Amount Disbursed		
22	Land And Development Loans, Amount Disbursed		
23	Other Loans Held For Investment		
24	Total Loans Held For Investment		
25	Real Estate Acquired Through Foreclosure		
26	Other Real Estate Investments		
27	Allowance For Losses (On Specified Assets)		
28	Prop., Equip., And Leasehold Imp. (Net of Accum. Depr.)		
29	Noninterest Earning Loans		
30	Receivables From Related Parties		
31	Investments In Affiliates		
32	Deferred Taxes		
33	Purchased Servicing Contracts (Net of Amort.)		
34	Excess Servicing (Net of Amort.)		
35	Goodwill (Net of Amort.)		
36	Other Assets		
37	**TOTAL ASSETS**	$	
38	**ESCROW FUNDS** (Funds Held In Trust For Investors And Mortgagors)		
	LIABILITIES & NET WORTH		
39	Outstanding Lines of Credit From Affiliates	$	
40	Outstanding Lines of Credit From Nonaffiliates		
41	Repurchase Agreements		
42	Short-term Payables To Related Parties		
43	Short-term Notes Payable To Unrelated Parties		
44	Accrued Expenses		
45	Estimated Future Loss Liability		
46	Deferred Fees and Unearned Revenues		
47	Other Short-term Liabilities		
48	Deferred Taxes		
49	Long-term Secured Debt To Related Parties		
50	Long-term Secured Debt To Unrelated Parties		
51	Long-term Subordinated Debt To Related Parties		
52	Long-term Subordinated Debt To Unrelated Parties		
53	Other Long-term Liabilities To Related Parties		
54	Other Long-term Liabilities To Unrelated Parties		
55	**TOTAL LIABILITIES**	$	
	STOCKHOLDERS' EQUITY		
56	Preferred Stock, Issued And Outstanding		
57	Common Stock, Issued And Outstanding		
58	Additional Paid-in Capital		
59	Retained Earnings		
60	Treasury Stock		
61	**TOTAL EQUITY**		
62	**TOTAL LIABILITIES & EQUITY**	$	

TYPE OF COMPANY (Check One)

a. ☐ Part of a Bank Holding Company
b. ☐ Service Corp. for S&L
c. ☐ Other Controlled Subsidiary
d. ☐ Privately Held Company
e. ☐ Publicly Held Company
f. ☐ Other

Number of Offices as of December 31, 1988 _____
Number of Offices as of December 31, 1987 _____

Rev. 3-89

SAMPLE

MORTGAGE BANKING STATEMENT OF INCOME

For Year Ended December 31, 1988 or _____

Confidential
MBA ED 5&8

DOLLAR AMOUNT IN THOUSANDS

Line Item	Title of Account	(Col 1) Total	(Col 2) 1-4 Unit Residential Origination	(Col 3) Loans Only Servicing	(Col 4) Income Property	(Col 5) All Other
	REVENUES					
	Loan Administration Income:					
63	Serv. Fees, First Mortgage Loans					
64	Serv. Fees, Other Loans					
65	Other Loan Admin. Income					
66	Total Loan Administration Income					
	Loan Origination Income:					
67	Loan Origination Fees					
68	Recognition of Commitment Fees					
69	Other Loan Orig. Income					
70	Total Loan Origination Income					
	Gross Interest Income:					
71	Total Interest Earned					
72	Warehousing Interest Income					
73	1- to 4-unit Residential Loans					
74	Income Property Loans					
75	Other Interest Earned					
76	Recognition of Yield Adjustment					
77	Total Gross Interest Income					
	Net Gain (Loss) on Sale of Mortgages:					
78	Net Gain (Loss) From Marketing					
79	Net Gain (Loss) From Deferrals					
80	Total Net Gain (Loss) On Sale of Mortgages					
81	Net Gain (Loss) On Sale of Securities					
82	Net Gain (Loss) On Sale of Servicing Rights					
83	Net Gain (Loss) On Sale of REO					
84	Property Management Fees and Real Estate Commissions					
85	Other Income					
86	**TOTAL GROSS INCOME**					
	EXPENSES					
	Personnel:	No. $	No. $	No. $	No. $	No. $
87	Loan Administration					
88	Loan Origination ("In-House")					
89	Loan Production Officers					
90	Purchased Production					
91	Warehousing/Marketing Employees					
92	Management & Directors Not Classified Above					
93	All Other Employees					
94	**Total Direct Compensation**					
95	Employee Fringe Benefits					
96	Education And Training					
97	Total Personnel Expenses					
98	Occupancy					
99	E.D.P. Service Charges And Rentals					
100	E.D.P. Depreciation					
	Interest Expense:					
101	Warehousing Interest Expense					
102	1- to 4-unit Residential Loans					
103	Income Property Loans					
104	Other Interest Expense					
105	Total Interest Expense					
106	Loan Processing Expenses					
107	Brokerage Commissions					
108	Hedging Fees					
109	Amortization of Cost of Purchased Servicing					
110	Amortization of Excess Servicing					
111	Corporate Interest Losses On MBS Pools					
112	Servicing Expenses for Foreclosure & REO					
113	Provision For Loan Losses					
114	Provision For Other Losses					
115	Non-E.D.P. Depreciation					
116	Property Management and Real Estate Expenses					
117	Other General And Administrative Expenses					
118	All Other Expenses					
119	**TOTAL GROSS EXPENSES**					
120	**NET INCOME (LOSS) BEFORE TAXES AND NET NONRECURRING ITEMS**					
121	**TAXES ON NET INCOME**					
122	**NET INCOME (LOSS) BEFORE NET NONRECURRING ITEMS**					
123	**NET NONRECURRING ITEMS**					
124	**NET INCOME**					

SAMPLE

ADDITIONAL INFORMATION

	LOAN PRODUCTION DURING REPORTING YEAR	1988 $ Amount In Thousands	Number of Loans
	"IN-HOUSE" PRODUCTION		
	First Mortgage Loans:		
	1- to 4-unit Residential Loans:		
125	FHA	$	
126	VA		
127	Total Conventional		
128	Conventional Fixed-Rate		
129	Conventional ARMS		
130	Total 1- to 4-unit Residential Loans		
131	Income Property Loans		
132	Other First Mortgage Loans		
133	Total First Mortgage Loans		
134	Second Mortgage Loans		
135	Construction Loans		
136	Land and Land Development Loans		
137	Other Loans		
138	**TOTAL "IN-HOUSE" PRODUCTION**	$	
	"PURCHASED" PRODUCTION		
	First Mortgage Loans:		
	1- to 4-unit Residential Loans:		
139	FHA	$	
140	VA		
141	Total Conventional		
142	Conventional Fixed-Rate		
143	Conventional ARMS		
144	Total 1- to 4-unit Residential Loans		
145	Income Property Loans		
146	Other First Mortgage Loans		
147	Total First Mortgage Loans		
148	Second Mortgage Loans		
149	Construction Loans		
150	Land and Land Development Loans		
151	Other Loans		
152	**TOTAL "PURCHASED" PRODUCTION**	$	

	SERVICING PORTFOLIO AT YEAR-END	1988 $ Amount In Thousands	Number of Loans
	SERVICING FOR OTHERS (NONAFFILIATES)		
	First Mortgage Loans:		
	Total 1- to 4-unit Residential Loans:		
153	Beginning of Period	$	
154	End of Period		
155	FHA		
156	VA		
157	Total Conventional		
158	Conventional Fixed-Rate		
159	Conventional ARMS		
	Income Property Loans		
160	Beginning of Period		
161	End of Period		
162	Other First Mortgage Loans		
163	Total First Mortgage Loans (End of Period)		
164	Second Mortgage Loans		
165	Construction Loans		
166	Land and Land Development Loans		
167	Other Loans		
168	**TOTAL SERVICING FOR OTHERS (NONAFFILIATES)**	$	
	SERVICING FOR OTHERS (AFFILIATES)		
	First Mortgage Loans:		
	Total 1- to 4-unit Residential Loans:		
169	Beginning of Period	$	
170	End of Period		
171	FHA		
172	VA		
173	Total Conventional		
174	Conventional Fixed-Rate		
175	Conventional ARMS		
	Income Property Loans		
176	Beginning of Period		
177	End of Period		
178	Other First Mortgage Loans		
179	Total First Mortgage Loans (End of Period)		
180	Second Mortgage Loans		
181	Construction Loans		
182	Land and Land Development Loans		
183	Other Loans		
184	**TOTAL SERVICING FOR OTHERS (AFFILIATES)**	$	

(Continued)